Daily Report

Latin America

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CONTENTS

CARIBBEAN

Cuba

Alarcon Comments on U.S. Policy Towards Havana 1
Substantial Changes Not Expected *[PRENSA LATINA]* 1
Meets With U.S. Brigade Members *[Havana Radio]* 1
No Expectations for Improved U.S. Relations *[PRENSA LATINA]* 1
Washington Maintains 'Hostile' Policy *[NOTIMEX]* 2
U.S. Indicates 'Concerns' About Juragua Nuclear Plant *[CANA]* 2
Foreign Minister Speaks on Panama Visit *[Havana Radio]* 3
Robaina Meets With Guyanese President Cheddi Jagan *[Havana Radio]* 3
Brings President Castro's Greetings *[Havana Radio]* 4
Sao Tome Minister Signs Protocol, Criticizes Blockade *[PRENSA LATINA]* 4
Emphasizes 'Fruitful Cooperation' *[Havana Radio]* 4
Slovak Parliamentarians Express Interest in Increased Trade *[PRENSA LATINA]* 5
Taladrid Visit to Chile Results in Trade Considerations *[Havana Radio]* 5
Panel Debates Corruption *[Havana Radio]* 5
Oil Production Increases to 726,300 Tons in Mid-1995 *[PRENSA LATINA]* 8
Pedro Ross Urges Preservation of Workers' Talent *[Havana Radio]* 8

Haiti

Party Leader Accuses NDI of Working for U.S. *[Port-au-Prince Radio]* 8
Aristide Meets With Political Parties, CEP Members *[Port-au-Prince Radio]* 9
Organization Views Government's 'Disloyal Maneuvers' *[Port-au-Prince Radio]* 9

MEXICO

Spokesman Says No Need To Restructure Debt *[NOTIMEX]* 11
Poll Shows 59 Percent View Zedillo as 'Weak' *[LA JORNADA 21 Jul]* 11
Underlying Causes of Economic Problems Cited *[REFORMA 23 Jul]* 12

CENTRAL AMERICA

Guatemala

Special Prosecutor for Bamaca Case Resigns *[NOTIMEX]* 14
URNG, Government Reach Agreement on 'Important' Points *[NOTIMEX]* 14

Honduras

Tank Mobilization in Capital Viewed as Threat *[TIEMPO 3 Aug]* 15
Reina Says Military Responsible for Disappearances *[ACAN]* 15
Reaffirms Loyalty of Military *[Tegucigalpa Radio]* 16
Gen. Discua on Charges Against Officers *[Tegucigalpa Radio]* 17

Panama

Unions Declare 'Indefinite' Strike Over Reforms *[ACAN]* 18
President Says Changes Necessary for Progress *[EL SIGLO 1 Aug]* 19

SOUTH AMERICA

Argentina

Menem Denies Possible Removal of Cavallo *[NOTICIAS ARGENTINAS]* 20
Cavallo Accepts Cossio's Resignation *[NOTICIAS ARGENTINAS]* 20
Tacchi Discussess Resignation, Bauza, Cavallo *[LA NACION 3 Aug]* 20
Militant 'Quebracho' Defends Violent Methods *[TELAM]* 21
Army Denies Attack on Barracks *[NOTICIAS ARGENTINAS]* 21
Meat Union: Paraguay Violates Mercosur Treaty *[TELAM]* 21
Decision To Retain Labor Minister Viewed *[Argentina Gopher 21 Jul]* 22
Polemic Over Cabinet Chief Functions Viewed *[CLARIN 14 Jul]* 22
Bordon-Alvarez Friction Discussed *[CLARIN 24 Jul]* 23
Frepaso 'Identity Crisis' Seen *[CLARIN 16 Jul]* 24
UIA's Blanco Villegas Attacks Bank Policy *[CLARIN 14 Jul]* 25
Unemployment Figures Analyzed *[Argentina Gopher 20 Jul]* 26
Business Demands Discussed *[CLARIN 21 Jul]* 27

Brazil

Poll Notes Popularity of President Cardoso *[JORNAL DO BRASIL 30 Jul]* 28
Article Analyzes Need To Control Economy *[FOLHA DE SAO PAULO 29 Jul]* 28
Rio-Minas Gerais Fiber Optics Network Inaugurated *[AGENCIA ESTADO]* 29
Editorial Views Space Agreement With U.S. *[O ESTADO DE SAO PAULO 24 Jul]* 30

Chile

Interior Minister Views Isolation of Terrorism *[EL MERCURIO 2 Aug]* 30

Colombia

Colombia, Venezuela Install Binational Political Commission *[NOTIMEX]* 31
Prosecutor General: Botero Not Yet Under Investigation *[Santa Fe de Bogota TV]* 32
Prosecutor on Grounds to Summon Former Minister Botero *[Santa Fe de Bogota TV]* 32

Ecuador

Foreign Minister, Peruvian Counterpart Exchange Notes *[NOTIMEX]* 32
Progress in Economic Modernization Evaluated *[EL COMERCIO 5 Jul]* 33

Paraguay

Uruguayan Ministers Arrive for Mercosur Meeting *[Asuncion TV]* 35
Defense Minister on Williamsburg, Military Wage Hike *[ABC COLOR 2 Aug]* 35
Deputies Freeze Discussion on Military Salaries *[NOTICIAS 29 Jul]* 35
Seifart Launches Bid for Colorado Party Presidency *[NOTICIAS 29 Jul]* 36
Committee To Investigate Gen Rodriguez' Finances *[ABC COLOR 29 Jul]* 36
Administration, Opposition Agree To Fight Economic Crisis *[ABC COLOR 1 Aug]* 37

Peru

Fujimori Not To Meet Ecuadoran Counterpart *[Lima Radio]* 37
Paraguay's Wasmosy, Fujimori Discuss Integration *[ULTIMA HORA 28 Jul]* 38
Recent Government Decisions Deemed 'Authoritarian' *[CARETAS 18 May]* 38
Redistricting of Lima Discussed *[DESCO 20 Jul]* 39
Adex: $3 Million in Aid for Small Businesses *[DESCO 20 Jul]* 40

Venezuela

EU To Aid in Fight Against Drug Trafficking *[EL GLOBO 1 Aug]* 40
Exchange Board Modifies U.S. Currency Allowances *[Caracas TV]* 41
Venezuela Achieves Surplus in Trade Balance *[EL NACIONAL 31 Jul]* 41
Ministers Not Using Allocated Funds *[ECONOMIA HOY 1 Aug]* 42
Association Concerned Over Scarce Interest in Pact *[Caracas TV]* 43
Roundup of Venezuelan Economic Developments *[EL NACIONAL, etc.]* 43

Cuba

Alarcon Comments on U.S. Policy Towards Havana

Substantial Changes Not Expected

PA0308125095 Havana PRENSA LATINA in Spanish 2118 GMT 2 Aug 95

[FBIS Translated Text] Havana, 2 Aug (PL) — Ricardo Alarcon, president of the National Assembly of the People's Government [ANPP], said today during talks with visiting North Americans that Cuba does not expect substantial changes in U.S. policy toward the island.

Alarcon said that the current U.S. Administration maintains the same line with respect to this country — the economic, financial, and commercial blockade — backed by the Torricelli Law (created to strengthen that measure of pressure) and agrees with the intent of the Helms-Burton Law, currently being debated in Congress.

"(The Clinton administration) wishes to develop the current policy included in the Torricelli Law, and shows no signs of reducing or modifying the blockade," the ANPP president said in talks conducted in English with members of the Venceremos Brigade.

He said that, if the current President is reelected, if a slight variation in the current policy takes place it could be "in a way that is unacceptable to us" and immediately afterward referred to President Fidel Castro's 26 July speech.

He said that new strategies to destroy the Cuban revolution are being drafted in the United States, both through greater international pressure, as well as achieving that purpose from inside through subversion.

The only acceptable solution, he stressed, would be the unconditional elimination of the blockade and for Washington to give up its idea of deciding Cuba's fate.

Alarcon also said that the White House was capable of reaching an agreement with Cuba on specific aspects of bilateral relations, such as emigration, a topic it was interested in solving in view of the broad rejection in that country of illegal immigration, especially of Latins.

He also spoke of the political manipulation on the exaggerated allotment for decades of illegal emigration by Cubans, which contrasts with the treatment afforded to thousands of Latin Americans who every year attempt to cross the Mexican-North American border and are rejected in a discriminatory manner.

When replying to a brigade member about the Juragua Nuclear Power Plant in Cienfuegos Province, he said that speculation and distortions about its security and technology are part of the same line of anti-Cuban campaigns instigated in the United States.

He nevertheless recalled that some North Americans also argue that "if the United States is really interested from the technological point of view in the Cienfuegos plant's security, why does it not allow its enterprises to cooperate with its completion and start-up?"

Meets With U.S. Brigade Members

FL0308135895 Havana Radio Rebelde Network in Spanish 2300 GMT 2 Aug 95

[From the "Exclusive" program]

[FBIS Translated Text] Ricardo Alarcon, president of the National Assembly of the People's Government, today met with members of the 26th contingent of the Venceremos Brigade at the Julio Antonio Mella international camp. Alarcon spoke with the 80 U.S. brigade members about issues relating to the structure of the People's Government in our nation, the results of the latest municipal elections, Cuba's economic strategy to overcome the crisis, and disagreement between Cuba and the United States. Alarcon also discussed the process leading to the signing of the Cuba-U.S. migration agreements, the opening to foreign capital, relations with Mexico, and safety measures applied to construction of the Juragua Nuclear Power Plant. Alarcon emphasized that no substantial change in the current U.S. administration's policy toward Cuba should be expected, since the Clinton administration supports the Torricelli Law, has not reduced or modified the blockade, and agrees with the objectives of the anti-Cuban Helms-Burton bill.

No Expectations for Improved U.S. Relations

PA0308200495 Havana PRENSA LATINA in Spanish 1703 GMT 3 Aug 95

[FBIS Translated Text] Havana, 3 Aug (PL) — Cuba has never harbored any hopes regarding an alleged improvement in its relations with the United States, because that country has an open policy of hostility toward ours, a spokesman for the Foreign Ministry said in this capital today.

At a news conference, Luis Delfin Perez, deputy director of the America Directorate of the Foreign Relations Ministry, said that Cuba has always clearly and specifically said that there is only a "nonrelationship" between the two nations.

The spokesman explained that there has been excessive speculation about the state of relations with Washington but no changes in U.S. policy toward the island.

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As for the bilateral migratory talks, Perez pointed out that the Antillean nation believes that a good agreement on the issue was reached and that this stands as an example of the way in which other issues could be discussed if Cuban self-determination and sovereignty are respected.

When asked about a possible lifting of White House sanctions against the Caribbean island adopted in August 1994 in exchange for a reduction in the cost of Cuban emigrants' trips to the United States, he stressed that the two issues are unrelated.

Those sanctions are illegal and further complicate the relations of Cubans residing in U.S. territory with their own country. He added that the trips issue is purely an administrative matter.

Perez denied that Cuba plans to bring pharmaceutical toxic wastes from Uruguay as a news dispatch reported.

There was a purchase and donation of pharmaceutical products from a German firm, which had a problem in Montevideo. These products, which are stored in Uruguay and will be brought to Havana, are in perfect condition and in compliance with all international standards, he noted.

Finally, he described as highly satisfactory the results of a meeting of the Cuban-Guyanese Joint Commission meeting held in the Guyanese capital.

Washington Maintains 'Hostile' Policy

PA0408022995 Mexico City NOTIMEX in Spanish 2243 GMT 3 Aug 95

[By Gerardo Arreola]

[FBIS Translated Text] Havana, 3 Aug (NOTIMEX) — The Cuban Government appears to have defined and hardened its tone to counter speculations regarding the eventual improvement of relations with the United States.

Foreign Ministry Spokesman Luis Delfin Perez Orosco has told reporters that Washington is "maintaining a direct, hostile policy" toward Cuba. "There are no changes in that position, and, therefore, there is no speculation regarding any changes."

The apparent effort to underscore the state of "nonrelations" with the United States ensued when President Fidel Castro said in a message to the nation during the 26 July national celebration that Washington had a hardline and a soft-line policy to attack the island.

The pointed statements made in recent days regarding this issue contrasts with the tone of former official statements that limited themselves to raising doubts and skepticism about an eventual improvement in relations between Washington and Havana.

Last night, the president of the Cuban parliament, Ricardo Alarcon, said Cuba "does not expect substantial changes in U.S. policy toward the island" and emphasized that Washington "maintains the same policy regarding Cuba."

Cuba and the United States have had no diplomatic relations since the 1960's, but in the last 11 months they signed two immigration agreements that are in force, and, according to the two sides, are being fulfilled to each's satisfaction.

The signing of the agreements encouraged media reports in the United States of an eventual easing in the policy regarding the blockade of the island.

These different statements coincided with the airing, during prime time, on local television of a report about radio broadcasts from the United States toward Cuba, which is estimated here at approximately 1,000 hours per week of messages against the Cuban Government.

The state owned AGENCIA DE INFORMACION NACIONAL (AIN) stated on 3 August that part of the U.S. policy toward Cuba "pretends to show a kindly face that does not exist."

The report also rejected "that the soft-line policy" of the White House seeks to "lift the blockade, although it may seem that way to the cowardly and weak."

Alarcon said the administration of President William Clinton "agrees with the aims of the Helms-Burton bill," a proposal which the U.S. Congress must still debate and which seeks to harden economic sanctions against Cuba.

The Clinton administration "wants to intensify the current policy and has given no indication of reducing or changing the blockade," Alarcon said in a meeting with a group of U.S. citizens performing voluntary work in Havana.

In a statement to the weekly JUVENTUD REBELDE published on 30 July, Foreign Minister Roberto Robaina denied that "there was a secret agreement" between the two countries and that there was evidence of "a possible end to the" U.S. economic "blockade."

U.S. Indicates 'Concerns' About Juragua Nuclear Plant

FL0308232095 Bridgetown CANA in English 1806 GMT 3 Aug 95

[FBIS Transcribed Text] Washington, Aug 3, CANA — Officials here are indicating their concerns about

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Havana's intention to revive the mothballed Soviet-designed Juragua nuclear power complex near Cienfuegos. In testimony before the House International Relations Subcommittee on the Western Hemisphere recently, Roger Robinson of the Center for Security Policy, said the Congress should act immediately to ensure that the reactors never come on line.

"It is important to recall that Castro already has already committed some US1.2 billion to constructing this facility and faces a similar sum required to complete the two reactors ..." Robinson testified. Robinson, a former senior director for International Economic Affairs at the National Security Council (NSC), said his "Think Tank" had long argued that the creation and completion of the Cienfuegos plant would do irreparable harm to a proper U.S. policy toward Castro's regime, to the Cuban people, and to the environment. He said the nuclear project was well outside the indigenous capability of Cuba and would require large-scale financing from European suppliers and Russia.

"Those European and Latin American companies and financial institutions working to advance completion of the project should be subject to swift and decisive penalties from the Congress. U.S. import controls should probably be the sanction of choice for private sector western entities supplying Juragua, requiring a decision by the management of these firms between doing business in the American market or in the Cuban market," Robinson said.

Foreign Minister Speaks on Panama Visit

PA0308150595 Havana Radio Havana Cuba in Spanish 0000 GMT 3 Aug 95

[Report by correspondent Rey Rodriguez in Panama City, Panama; from the "Evening Information Review" newscast]

[FBIS Translated Text] Cuban Foreign Relations Minister Roberto Robaina arrived today [2 Aug] in Guyana to take part in a joint intergovernmental commission following a three-day official visit to Panama. Moments before his departure, the Cuban foreign minister said the following for Radio Havana Cuba listeners:

[Begin Robaina recording] I believe this is a moment when Cuba is opening up to foreign capital investment, obviously this country [Panama] basically subsists from an economic relation of which our country needs to learn, know, and explore. This country is a connection center. Panama's economy is not as strong as its connection with Central America and with the rest of America, and this is also important for Cuba. This develops capabilities and many other things in the type of business Cuba is opening up to, but has no experience. This is what I am basically referring to.

Nevertheless, Panama has many needs that represent opportunities for Cuba. Right now there are medical experts evaluating an epidemic outbreak of hemorraghic dengue to see how the vector is controlled.

Many of Panama's needs are also opportunities for us. And I believe that many of our needs are Panamanian opportunities. How to find a mutually beneficial relationship? I think Panama is interested in what Cuba is immensely rich in. For example, Panama is interested in results of our vast human resources: medical, cultural, sports, and vocational experiences.

Panama is even interested in our needs — the fact that Cuba is opening to the world. We are interested in the same thing Panama is: growth. Panama is not not only interested in what we have to offer, they are also interested in what we have in the way of opportunity, which I believe allows us to be able to have a special relation. When one gets to know Panama, there are many cultural things that identify us. Panama and Cuba have many things that I believe make it possible to find that common ground. I believe that we now have to identify that common ground between Panama and Cuba.

As far as I am concerned, for example, the entrepreneurial meeting offers many possibilities. The mere fact that it was attended. Cuba experienced a stage, as I have repeatedly said, in which it could not even give advice and people never even turned up to this type of event, especially because they did not believe this was possible.

I believe the entrepreneur goes where he believes there is an interest and I believe that Panama's entrepreneurs have realized that the Cuban market can be rather important, it can be an important market, it has many things to offer.

Panamanians will not want to experience what the North Americans have experienced: Panamanians may and are allowed to; North Americans would like to, but are not allowed. [end recording]

Robaina Meets With Guyanese President Cheddi Jagan

FL0408012295 Havana Radio Rebelde Network in Spanish 2300 GMT 3 Aug 95

[From the "Exclusive" program]

[FBIS Translated Text] Guyana's president Cheddi Jagan has met with Cuban Foreign Minister Roberto Robaina, who delivered greetings from Commander

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in Chief Fidel Castro. Informed sources reported that Jagan and Robaina discussed topics of international and regional relevance, as well as the state of relations between Guyana and Cuba. The political leaders also addressed issues related to the upcoming Caribbean States Association Summit, which will take place in Trinidad and Tobago on 17 and 18 August.

Brings President Castro's Greetings

PA0408042695 Havana Radio Havana Cuba in Spanish 0000 GMT 4 Aug 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina, who is on an official visit to Guyana, was welcomed on Thursday by Guyanese President Cheddi Jagan, to whom he brought greetings from Cuban President Fidel Castro.

Jagan and Robaina discussed international and regional topics during the talks, including the upcoming Association of Caribbean States' summit and other issues of interest dealing with relations between Cuba and Guyana.

The Guyanese president requested Cuba's cooperation in some sectors where the island has shown considerable progress, particularly in the health, forestry, fisheries, and ecological tourism sectors.

Sao Tome Minister Signs Protocol, Criticizes Blockade

PA0308135495 Havana PRENSA LATINA in Spanish 2217 GMT 2 Aug 95

[FBIS Translated Text] Havana, 2 Aug (PL) — Guilherme Posser da Costa, foreign minister of Sao Tome and Principe, and Cuban acting Foreign Minister Fernando Remirez de Estenoz today signed a cooperation protocol that culminated the works of the Seventh Session of the Joint Commission.

The document refers also to bilateral scientific and technical cooperation and calls for expanding exchanges in specific areas and for improving the quality of these exchanges, da Costa told the media following the signing of the agreement.

The African foreign minister, who concludes his official visit to the island today, said: "With Cuba we want a functional cooperation that will consider the two countries' limitations."

He said that sometimes new things do not represent a serious evolution and this is why "we prefer to consolidate what has been secured and set the basis for possible future exchanges in other areas."

He said one success of the mixed intergovernmental commission is that it has been able to reaffirm the two governments' political will to maintain cooperation in spite of the difficulties the two states are going through.

Da Costa said that the possibility of expanding economic and business relations is another positive result of the meetings.

He said that the U.S. blockade policy for Havana is incomprehensible. "In the exercise of our sovereignty we view as incorrect that relations between two states should depend on the position of a third state," he said.

Remirez de Estenoz said the signing of the protocol today ratifies once again the level of existing bilateral relations and the position in favor of maintaining these ties in line with changes in the international situation and the transformations taking place in the two nations.

He said "Cuba is firmly in favor of cooperation among the people of the third World," cooperation he described as a real alternative for development.

Remirez de Estenoz said that Cuba's relations with the people of Africa are becoming stronger, especially those with Sao Tome and Principe, which began in 1975.

During his stay in the Caribbean nation, da Costa met with State Council Vice President Juan Almeida; with Jorge Lezcano, who heads the Cuban Parliament's Foreign Relations Commission; and with Public Health Vice Minister Jose Antelo, among other officials.

The African leader met with students from his country who are going to school in Cuba, toured centers of social interest, and placed a wreath at the monument of Cuba's national hero Jose Marti, in the Central Park of this capital.

Emphasizes 'Fruitful Cooperation'

FL0308131395 Havana Radio Progreso Network in Spanish 1100 GMT 3 Aug 95

[Report by correspondent Esperanza Hernandez; from the "First Thing" program]

[FBIS Translated Text] Cuba and Sao Tome and Principe reaffirmed their willingness to continue mutual cooperation with the signing in Havana of the Seventh Session of the Joint Cuba-Sao Tome and Principe Commission Protocol. Acting Cuban Foreign Relations Minister Fernando Remirez de Estenoz, and Sao Tome and Principe Foreign Minister Guilherme Posser da Costa signed the agreement. Posser da Costa concluded a three day visit to Cuba on 2 August. Remirez de Estenoz stated Cuba views maintaining and expanding

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cooperation with third world nations as the best alternative for achieving development, and stressed that ties with African nations have special significance to Cuba.

For his part, Posser da Costa emphasized the fruitful cooperation between the two nations throughout their 20 years of relations, and expressed appreciation for the efforts of Cubans working in Sao Tome and Principe. Posser da Costa issued statements to the press regarding the joint commission and resulting agreement.

[Begin recording] [Posser da Costa, in Portuguese with sentence by sentence translation into Spanish] The first victory of the joint commission was the reaffirmation of our political will to maintain these relations in spite of the difficulties that each nation has to deal with. For us, that is the major victory of this joint commission. The second positive result was to have maintained the actions of cooperation resulting from this political will of cooperation between both our nations. In the third place, we have launched the possibility of expansion to other sectors such as economic and business relations. [end recording]

Foreign Minister Posser da Costa also commented on the U.S. blockade against Cuba.

[Begin recording] [Posser da Costa, in Portuguese with sentence by sentence translation into Spanish] We have had the occasion to reaffirm that we highly regret this imposition by the United States which we view as incomprehensible. In exercising our sovereignty we do not think it is right that our relations with another state be conditioned by the position of a third state. [end recording]

During his stay in Cuba, Posser da Costa met with Vice President Juan Almeida Bosque, acting Foreign Minister Fernando Remirez de Estenoz, and Jorge Lezcano, president of the Parliamentary International Relations Commission, as well as other Cuban officials. Posser de Costa also placed a floral wreath at the Jose Marti monument in Central Park and toured downtown Havana's historic district.

Slovak Parliamentarians Express Interest in Increased Trade

PA0308160095 Havana PRENSA LATINA in Spanish 1650 GMT 1 Aug 95

[FBIS Translated Text] Havana, 1 Aug (PL) — Slovak parliamentary sources said here today that Slovak enterprises expect to supply parts and accessories to Cuban industry based on agreements and joint investment projects.

Josef Prokes, vice president of the Foreign Relations Committee of the Slovak Parliament, said his meetings with Cuban officials made it evident that there is mutual interest in promoting bilateral economic ties.

Prokes told the daily GRANMA that the Slovak Parliament has termed the U.S. blockade against the island as mistaken and said "Cuba is Cuba, and it is up to her to decide her future."

Prokes, who is visiting Havana at an invitation from the Cuban National Assembly (Parliament), met with Foreign Trade Minister Ricardo Cabrisas and with the vice ministers of basic industry, foreign investment, and foreign relations.

When asked about the current social situation in his country, the visiting legislator said his government has noticed that neoliberalism is not the most appropriate approach for the recently created Slovak Republic.

Prokes said: "Right now, all Slovak citizens have social security, medical security, and education is free and guaranteed by the state."

Taladrid Visit to Chile Results in Trade Considerations

FL0408012395 Havana Radio Rebelde Network in Spanish 2300 GMT 3 Aug 95

[From the "Exclusive" program]

[FBIS Translated Text] Cuba and Chile are studying a bilateral cooperation program for the 1995-1996 period as a result of the visit to Santiago de Chile of Raul Taladrid, vice minister for Foreign Investment and Economic Cooperation. Taladrid, who was invited by the Chilean International Cooperation Agency, has held meetings with officials from this organization, as well as with the deputy secretary of the economy, Eduardo Moyano; national tourism director, Cesar Gomez; and important businessmen.

Panel Debates Corruption

FL0308170895 Havana Radio Rebelde Network in Spanish 1600 GMT 31 Jul 95

["Straight Talk" panel discussion with host Osvaldo Rodriguez and guest Luis Sexto from BOHEMIA magazine — live or recorded]

[FBIS Translated Text] [Rodriguez] Our commander in chief has called for us to fight through political means the corruption which is beginning to appear on the hard currency sector. I believe we have been part of this fight for some time now. The commander has explicitly stated that this cannot be fought by repressive means alone; the goal is not to repress a done deed, but to struggle to prevent it before it happens.

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Luis, I invite you to make an analysis of how it is possible for someone who was hand-picked, and is trusted by his comrades, and even the top national authorities, to become corrupted.

[Sexto] Osvaldo, one answer comes to mind quickly: Human nature is weak because it is imperfect. Therefore, today we may enjoy others' trust, may be highly regarded; and tomorrow, as result of those traits of human nature, we may betray that trust.

[Rodriguez] I would like to clarify this further. I might betray; since we all are humans, we all might change our feelings, our way of doing things — particularly when we have certain weaknesses which might not be apparent but nonetheless lurk within.

If there are controls and checks, if we are constantly overseeing what people do without hampering their work — the goal is not to direct them, to manage them or to take them by the hand, but to supervise and control — how can this type of weakness emerge?

[Sexto] I believe it emerges because the control, the supervision is not as strict, as precise, as in-depth as is required to keep corruption — that deviation of the human character — in check. I read a while back an article by a Cuban journalist who passed away in the fifties, Miguel de Marcos. He was very famous from the twenties to the fifties. He wrote novels and other works but was primarily a journalist and a humorist. He had said that corrupt people — and there were many corrupt people back them, everyone knows that the republic before 1959 was corrupt to the core — there were people who had three hands, referring to the public officials of the time. In one hand they held the national anthem, in the other the flag, and with the third hand, carefully hidden in wool and cotton, they stole away the nation's monies.

Truly, one must have very good eyesight to detect these third hands which some people might have well hidden. This has been happening because controls, audits, and supervision have not been as in-depth, as correct, as needed.

We also have to keep in mind the circumstances which many people are experiencing in their work. This is very important. What are we referring to when we speak of corruption? Are we speaking alone of officials who steal, who embezzle what belongs to the state, who betray the state's trust, who make a mockery of the custody they are entrusted with? In a sense, I believe this is the type of corruption which does the most harm. However, we cannot forget that a shopkeeper stealing what he calls missing inventory is also practicing a form of corruption.

[Rodriguez] I am glad you spoke about missing inventory. I would like to further develop this issue next. I believe corruption is nothing new. We have criticized it many times in this program and have written about it. I believe that those famous domestic commerce emulation campaigns seeking to reward shops free of missing inventory was disrespectful to our people. What is behind missing inventories? How — if you and I are responsible for these resources, and we cannot account for them — is the state going to step in and pay us for them? That is a form of fraud which corrupted storekeepers, retailers, and everyone involved in with it.

[Sexto] Well, I do not care to revisit the past. I believe that is like beating a dead horse...

[Rodriguez, interrupting] These are things I denounced at the time in the past, when it was taking place.

[Sexto] What I am trying to say is that I do not put the past through the grinder because I believe it is a bit useless. We should visit the past to learn the lesson and avoid the same mistakes.

For a long time in many sectors in this country, the reigning policy was the policy of the ostrich, the policy of hiding one's head under the sand to avoid seeing, make believe we lived in the best of worlds, and that nothing was happening here, that everything here was marvelous, and that it was paradise.

You know that the first approach to solving a problem is identifying the fact that there is a problem; recognizing and acknowledging the problem. If you refuse to acknowledge it or if you baptize it with a euphemism; — if you call theft, or if you call breaches in physical safety, missing inventory — you begin to believe you live in the best of worlds, making up things, and concealing a growing reality. Corruption is the yeast of human behavior. Corruption grows daily like bread dough, it grows and grows. As a matter of fact, let me quote you from the Bible — the Bible is a very interesting book full of wisdom — I cannot remember if it is in Ecclesiastes, it says that the corruption of the good is the worst all corruptions. When the good begin to get corrupted, there is no end in sight to this malady, unlike criminals who, corrupted as they are, have rules and they stay within the boundaries of those rules. A good person who becomes corrupt, goes wild; he no longer knows the difference between good and bad. He no longer knows what is good or bad, even for himself.

[Rodriguez] As habitual delinquents would say; he doesn't even know how to pull it off.

[Sexto] We must bear in mind that control in Cuba have many times been something merely verbal. Controls really have not existed. I think that there must be confi-

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dence in people; that is a principle of the Revolution. However, the man who today deserves my confidence, perhaps would not deserve it tomorrow. Bear this in mind. If we want this man to continue on the straight path, he needs control and to have the eyes of others upon him to avoid swaying from the path.

[Rodriguez] We can not roll out the red carpet leading toward corruption; quite the contrary, we must bar the path to corruption.

[Sexto] Exactly, if there is no control, the path is clear toward corruption. Everyone is not made of steel, everyone is not incorruptible. There are people who are incorruptible, those who have embraced an ideal. There are those who have embraced the will to serve others. We have examples of this type of person here in Cuba. They would never betray their ideals. However, we are not all the same. There must be control.

[Rodriguez] We have spoken about control, but I think there is more needed than just control. We must apply socialism's principle that each person should receive according to their work. I think certain corrections to the system should be made, especially with regard to enterprises that deal in foreign currency. Luis, I would like you to talk about this issue.

[Sexto] I agree with you, men should receive what they deserve according to the positions they have...

[Rodriguez, interrupting] Which they have earned.

[Sexto] Yes, which they have earned. That is why I said that we must bear in mind all circumstances regarding this phenomenon called corruption. There are always objective circumstances, corruption is not just something subjective. There are objective circumstances. The circumstances in which people live should be kept in mind. If a man needs soap to bathe with and during the day he is amidst thousands of bars of soap, it is very likely that one day he will start to think about taking a bar of soap. Osvaldo, do you understand what I am saying?

[Rodriguez] Yes, perfectly. After he takes one bar of soap — as the Bible says — the corruption of the good knows no end.

[Sexto] However, there has been an objective circumstance; the man did not have soap and he was amidst many bars of soap. Now then, a sales person at one of the foreign currency stores...

[Rodriguez, interrupting] The shoppings.

[Sexto] Yes, the so-called shoppings. I do not understand why we call them shoppings. I do not understand — why mix English in with something that is so Cuban!

[Rodriguez] Luis, that's easy. Remember when there was only one chain of these stores and its name was Easy Shopping [words spoken in English]. Easy shopping — and it is easier to say shopping.

[Sexto] I refuse to refer to them in that manner. They are special shops or foreign currency shops. I have spoken to many of these shops' sales people; many earn 171 pesos. They told me that they were among bars of soap all day and they did not have any soap of their own.

We all know that soap factories here do not have raw materials and these shops receive shipments of soap every two or three months. All of this is true and must be kept in mind. How are we going to stop corruption? Will we say that a person is a saint and just tell him not to steal because he is a Cuban, a patriot, and a revolutionary?

[Rodriguez] Searching him when he leaves?

[Sexto] Yes, searching him when he leaves, therefore humiliating him. Could the solution be to give him a piece of that soap, which he is selling everyday? After all, he is doing his job which is to obtain foreign currency. As you can see, I am giving this a lot of thought and there are possible solutions. An enterprise manager needs to live like a manager. You can not demand that a manager live like someone who is not a manager. I think that hard line equality — something we all know degenerates into egalitarianism — is also a breeding place for corruption.

[Rodriguez] Yes, remember the famous end-of-the-month bag [javita]. Maybe the worker with which you spoke gets a bag at the end of the month. However, they all receive the same, no matter whether they work more or less. They only requisites needed to get a bag are attendance and punctuality; that's it! There are cases where one worker has collected 200,000 pesos and another only 80,000 pesos during the same month, however the bags they get are the same. I think there comes a time when the bags are no longer playing the role they were intended to play. Perhaps new incentives should be sought. I think that the sugar industry and the basic industry are doing something very positive. They are giving workers money vouchers for special shops, but in any case it is money with which each one can buy what they want, individually.

[Sexto] True, we are analyzing a very complex problem and we will always come up short listing the causes of corruption.

[Rodriguez] Yes, another 10 people would come up with another 10 reasons.

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[Sexto] The important thing to point out is that corruption is not only due to subjective circumstances, there are also objective circumstances. The objective circumstances must be fought against, objectively. Subjective circumstances can be fought against politically. I also think public opinion can wage a decisive battle against corruption. What we must all agree on is that corruption is wearing Cuba out, from the inside. It is like a cancer, if it is not diagnosed and operated on in time, it can undermine the whole country. I remember a historic example: Alexander The Great's army was destroyed from within by corruption.

[Rodriguez] Yes, true, but in Cuba that will not occur. We are battling corruption already and "Straight Talk" is taking part in this battle. Many thanks to Luis Sexto for being here today and talking about this very essential issue in Cuba.

Oil Production Increases to 726,300 Tons in Mid-1995

PA0308132695 Havana PRENSA LATINA in Spanish 1400 GMT 1 Aug 95

[FBIS Translated Text] Havana, 1 Aug (PL) — It was announced today in Havana that Cuba's oil production increased to 726,300 tons during the first half of 1995, guaranteeing 30.1 percent of the island's electricity.

According to data from the Basic Industry Ministry's (Minbas) work report for this period, production is expected to surpass the estimated 1.4 million tons of crude by the end of the current year.

According to Minbas' analysis results, published in the official newspaper GRANMA, the nickel industry also attained positive results. This economic sector must contribute some $90 million this year.

The source adds that 28 products under this Ministry increased production — including manufactured gas, rubber-cloth shoes, glass jars, and fiber-asphalt roof tiles, among others — while economic losses decreased by 75 percent in comparison to the same period in 1994.

During this period, the gradual assimilation of new technology is outstanding, not only in the technical and engineering areas, but also in production management and organization as part of the work done with foreign (Canadian and French) companies of worldwide reputation, which are operating in Cuba.

GRANMA pointed out that all of the above "facilitates Cuba's gradual insertion into a world where market laws prevail with the assurance of not giving up our social achievements."

The availability of hydrocarbons on the island decreased from 13 million tons in 1989 to barely 6 million tons over the past few years after the Soviet Union, one of Cuba's main business associates, disintegrated.

Pedro Ross Urges Preservation of Workers' Talent

FL0408014795 Havana Radio Rebelde Network in Spanish 2300 GMT 3 Aug 95

[From the "Exclusive" program]

[FBIS Translated Text] Pedro Ross Leal, secretary general of the Cuban Workers Federation and member of the Politburo, headed a meeting today on Cuba's labor policy. Ross stated in the meeting of Havana union officials that if the work force is dispossessed, the country would be losing its major wealth. Ross called for preserving the intelligence and talent of the workers, a force which, he added, Cuba paid handsomely to develop. He urged support for this, while honoring the required labor reorganization.

[Begin Ross recording] We are going to propose that there be a requirement, not only for the special period, for the ministries rationalizing personnel and seeking to release personnel they say are not needed to prove that in five years they still will not need that personnel. [end recording]

The union movement in Havana called for resolutely confronting violations of employment policy norms and for steep sanctions against those who disobey the rules.

Haiti

Party Leader Accuses NDI of Working for U.S.

PA0308132895 Port-au-Prince Signal FM Radio in French 1030 GMT 2 Aug 95

[From "The Waking Up Newscast"]

[FBIS Translated Excerpt] The secretary general of the Alliance for the Liberation and Progress of Haiti [ALAH] accuses the National Democratic Institute [NDI] of partiality. This accusation is rejected by the U.S. institution.

ALAH Secretary General Reunold Georges criticized on 1 August what he calls the biased attitude of the local NDI members on the question of the 25 June elections whose cancellation some political parties and groups are demanding. According to Georges, NDI officials in Haiti have kept aloof from these political groups since the latter have been demanding the cancellation of the 25 June elections and the dismissal of all the members of the electoral institution.

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The NDI wants the contesting political parties to accept the results of the past 25 June elections, Georges said, who adds that this institution is working for the U.S. Government.

Contacted by Signal, (Mrs. Doomy) of the NDI refuted the accusations of Mr. Georges and indicated that the NDI is achieving impartial and nonpartisan work. [passage omitted]

Aristide Meets With Political Parties, CEP Members

PA0308134695 Port-au-Prince Signal FM Radio in French 1030 GMT 2 Aug 95

[From "The Waking Up Newscast"]

[FBIS Translated Excerpt] There was a new meeting between the Haitian president and political representatives at the National Palace on 1 August about the electoral process. Representatives of four political parties had conversations with the executive on 1 August on the question of holding the Haitian elections. The four political parties present at this meeting were: the Patriotic Union of Christian Democrats, Popular Organizations' Gathering Power, the Lavalas Political Organization, and the National Reconstruction Movement Group. It should be noted that members of the Provisional Electoral Council [CEP] participated in the debates.

According to Presidency spokesman Yvon Neptune the meeting between the executive, political representatives, and the CEP unfolded well. Mr. Neptune points out that the president of the Republic has committed himself to dialogue in order to resolve the political problems.

[Begin Neptune recording, in Creole, in progress] ...the two new members of the CEP. He always shows support and encouragement so the position of dialogue and discussions can continue in order for us to disentangle the situation. The Haitian people would like to resolve it as soon as possible so that the elections that are to be held, the partial elections, can be held on 6 August, and the second round of the elections can be held without problems and with more order and discipline. [passage omitted] [end recording]

Organization Views Government's 'Disloyal Maneuvers'

PA0408015395 Port-au-Prince Signal FM Radio in French 1030 GMT 2 Aug 95

[Report by Luckenson Jean from "The Waking Up Newscast" — passages within italics in Creole]

[FBIS Translated Excerpt] During a news conference on 1 August, the Political Organization for Democracy in Haiti [Organization Politique Pour la Democracy in Haiti — OPDH] has denounced the disloyal maneuvers of the Haitian Government. Carl Denis, secretary general of this political organization, asked for the arrest of several members of the Provisional Electoral Council [CEP]. Denis insists the international community should demonstrate its neutrality with regard to the country's policy. Luckenson Jean attended the news conference given by the OPDH secretary general and filed this report:

[Begin recording] [Jean] [Passage omitted] *During a news conference, OPDH Secretary General Carl Denis, a baldheaded man with a white beard, wearing a white suit and a colored tie, said the country is experiencing a serious crisis while the government is setting up a ferocious dictatorship. To thwart this dictatorship, his group has established the OPDH with a view to changing the face of this state. The OPDH denounced a series of crimes, such as the secret killing of people, being committed by the current regime. The fierce opponent of the 16 December (?president) did not conceal his frustration against the [word indistinct] government, which is entirely incompetent and mediocre.*

Denis assumed a position of nationalism to defend the Constitution, which, he said, will be trampled on no longer. They will remain firm in defending the people's lives and properties, which are being threatened, and they labeled the June 1995 elections as an electoral joke.

Denis demanded the arrest of all the CEP members and condemned the detention of Dieumaitre Lucas and others groaning in jail.

[Denis] The OPDH is still struggling for the cancellation of this electoral joke and will continue to do so even after the sacrilegious installation of mayors, parliamentarians, [words indistinct]. Regarding the dismissal of two CEP members by Aristide, the latter has taken off his democrat's mask and is acting like a despot. The OPDH is recommending and demanding the arrest of all the CEP members, because they have wasted the state's money, misrepresented the people's desires, and, when all is said and done, betrayed the country. The OPDH is denouncing the prolonged and illegal detention of several citizens, such as Dieumaitre Lucas and Patrick Bastien, despite the fact the justice department has admitted it is not guilty and has ordered their release.

[Jean] *Foreigners must not interfere if the dirty linen is not aired in public. Carl Denis asked the occupation forces in the field to remain neutral, because there will an event taking place in the country in the next few days;*

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it will be an inter-Haitian battle and will take every possible form, according to Denis, who was speaking in a very severe tone. As the saying goes: When a monkey threatens to hit you with a stone, if it is not in its hands it is wrapped in its tail.[passage omitted]

[Denis] *The battle will take [words indistinct], depending on the conjuncture.* [end recording]

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Spokesman Says No Need To Restructure Debt

PA0308233595 Mexico City NOTIMEX in Spanish 0105 GMT 3 Aug 95

[FBIS Translated Text] Mexico City, 2 Aug (NOTIMEX) — The Mexican foreign debt amounts to $93 billion, "the reason why the Mexican Government does not need to restructure this debt," Alejandro Valenzuela, spokesman for the Economic Emergency program, said today.

Valenzuela said during a news conference that interest payments on the foreign debt in 1995 will amount to 3.9 percent of the GNP, which will not alter projected goals of a primary surplus [superavit primario] and a fiscal surplus by the end of the year.

The Mexican Finance Secretariat official said that parallel to the rescheduling of the Brady bonds, the schedule of foreign debt payments will decrease as the years pass.

Valenzuela said Treasury Bonds (Tesobonos) for $1.18 billion will reach their maturity date on Thursday. The Bank of Mexico bought $608.7 million worth last Monday, thus leaving only $575.2 million to be paid.

With this payment, $23.94 billion worth of Tesobonos will have already been paid; that is, 82 percent of the remaining balance as of December 1994.

Thus, $5.259 billion in Tesobonos, of which $1.696 billion will be paid in the coming two weeks, have yet to reach their maturity date, the official spokesman added.

Poll Shows 59 Percent View Zedillo as 'Weak'

95CA0322A Mexico City LA JORNADA In Spanish 21 Jul 95 p 9

[Article by Rosa Elvira Vargas]

[FBIS Translated Text] According to the results of a poll conducted by the UAM [Metropolitan Autonomous University] and the Opinion Research Firm [Gabinete de Estudios de Opinion], 89 percent of the population living in the metropolitan region—based on a sample of 600 people interviewed—believe there is a political crisis in Mexico and 59 percent think that Ernesto Zedillo is a weak president.

In discussing the results of the survey conducted on 14 and 15 July, Oscar Rodriguez and Ricardo de la Pena explained that the poll consisted of interviews conducted at home of persons 18 and older, "selected on the basis of multiphase population group sampling."

They said that the size of the sample, the application of the questionnaires, and the formulation of the questions were based on technically correct procedures, and the results have a margin of error of plus or minus 4 percent.

In response to the first two questions, only 5 percent of the persons surveyed did not believe that there is a political crisis, while only 29 percent said that Zedillo is a strong chief executive.

Based on other responses to specific questions, it was reported that: 41 percent of those interviewed said they do not support any political party; 22 percent said they support the PAN [National Action Party]; 20 percent support the PRI [Institutional Revolutionary Party]; and 14 percent were PRD [Party of the Democratic Revolution] supporters. The answers of "other" and "do not know" drew 4 and 3 percent, respectively.

On Esteban Moctezuma's resignation as Interior (Gobernacion) Secretary, 41 percent of those surveyed felt that this strengthened President Zedillo, while 33 percent felt that, on the contrary, it weakened the president. Almost half of the persons questioned (49 percent) felt that Emilio Chuayffet has the ability to solve the nation's political problems, 29 percent did not share that opinion, and the remaining 22 percent said they did not know.

On the PRD's charges accusing Tabasco's governor, Roberto Madrazo, of exceeding spending limits in his election campaign, 63 percent of the sample believed that the accusation is true: 11 percent said that it is not, and 26 percent did not know. Still, 45 percent said that the Tabasco governor should resign; 29 percent said the opposite, and another 26 percent had no definite position on the issue.

Another question concerned the murders of campesinos in Guerrero: 57 percent of those questioned felt that Ruben Figueroa, governor of Guerrero, should resign; 29 percent felt the contrary; and 15 percent did not know what he should do.

On the PAN's election defeat in Chihuahua and whether a state congress with a PRI majority in Chihuahua represents a form of political coexistence that is good or bad for the development of democracy in Mexico, almost six of each ten persons questioned (59 percent) said good; 23 percent said bad; and 19 percent did not know.

The people in charge of the poll indicated that its purpose was not to make a very precise measurement, but rather to identify the major distributions and proportions of public opinion. Their intention, they said, was to compile information which will be used by university researchers in their work, not for political purposes.

When asked whether the opposition parties should or should not take part in the national dialogue for which the government has called, the majority (76 percent) said yes, the opposition should heed this appeal; 9 percent

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said no; and the rest did not know. On the EZLN [Zapatist National Liberation Army] and its option of becoming a legally recognized political group, opinions were quite divided: 45 percent said yes, and 42 percent said no. The others did not know.

People were also asked about whether any advances have been made in the investigation of Luis Donaldo Colosio's assassination. Only 20 percent felt that progress has been made, and 66 percent felt no progress has been made.

Another of the 16 questions was whether or not there should be a thorough reform of the nation's courts. 83 percent answered in the affirmative, and only 8 percent said no.

Another question concerned the death of Magistrate Abraham Polo Uscanga; 71 percent of the respondents said there were political motivations behind this crime, while 11 percent said the motives were personal; and 18 percent said they did not know.

Asked whether they supported or opposed the new security program, 55 percent said they opposed it, while 36 percent supported it, and the remaining 10 percent expressed no opinion.

Finally, in answer to the question—do you think the achievement of this program's objectives will be impeded by political corruption?—74 percent said yes; 10 percent said no; and 16 percent said they did not know what might happen.

Underlying Causes of Economic Problems Cited

95CA0319A Mexico City REFORMA in Spanish 23 Jul 95 p 9A

[Commentary by Luis Rubio, political and economic reform advocate and director of the Center of Research for Development: "Can the Economy Grow?"]

[FBIS Translated Text] "The country's growth is slowing a bit, and the prospects for a fresh boost seem uncertain." These words, which almost describe the current situation, were written in 1966 by Raymond Vernon, who was the first to note the existence of a structural political problem that, according to him, would as of then prevent the Mexican economy from growing. Almost 30 years later, the evidence seems overwhelming: it apparently makes no great difference what the government does or fails to do; the Mexican economy simply cannot recover. Wouldn't it seem that something different ought to be done?

If one observes the growth of the economy over the last three decades, it becomes very clear that with the exception of the foreign-debt boom and then the oil-price boom in the 1970's, there has been almost no economic growth at all since the mid-1960's. Indeed, toward the end of that decade there was a major debate within the government on the economy's future, especially because ominous signs were beginning to appear on the economic horizon, such as drops in the savings rate and in exports and increases in imports. The economy would have faced a major crisis in the 1970's had it not been for the sudden availability of foreign borrowing and, very shortly thereafter, oil revenues, which postponed the crisis. Since the 1980's two administrations have devoted themselves to solving basic problems in the economy and to opening up new opportunities, above all for exports, that would enable growth to resume. In spite of all this, however, the results remain disastrous. The Mexican economy is not recovering.

Raymond Vernon observed almost 30 years ago that the problem was political, not one of economic structure. Vernon went about analyzing the structure of the economy, the business culture, the attitudes of government politicians and economists, and the historical evolution of the government, especially as regards economic policy and its relationship with the private sector. The conclusions that he reached 30 years ago suggest that almost nothing has changed. Vernon says that the main problems of the Mexican economy are: competition for resources between the public and private sectors; the government's discriminatory practices in enforcing regulations; and the enormous degree of discretion that the government bureaucracy has. According to Vernon, these three factors have made it impossible to consolidate a long-term development policy, no matter how well intentioned the government and the private sector might be.

According to this view, the government uses the entire structure of its regulations and controls to maintain power, thus relegating to secondary status what the economy needs in order to grow. "The Mexican Government," Vernon says, "places less emphasis on the rights and guarantees of the individual and more emphasis on the discretionary rights of the state." Thus, a bureaucrat always has a greater say in the success or failure of an investment project than a businessman does, which prompted him to assert, in 1966, that the Mexican economy had been growing off the remaining momentum from the Porfiriato and the first few governments after the revolution. Therefore, unless the Mexican economy's underlying problem was solved (the government's discretionary power), it would simply not recover. The fact that Vernon said this almost 30 years ago, when the economy began its almost continuous

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stagnation, indicates that he saw something that people today still refuse to grasp.

The essence of a functioning economy is that the people operating in it must know its ground rules and be certain that they will be applied objectively and fairly to all players, and that it will be the market that decides, pursuant to these rules, who the winners and losers will be. It does not require a deep analysis to see that the ground rules in the country are vague, inconstant, enforced arbitrarily, and at times contradictory. The bureaucracy makes decisions as a function of its own interests, the opportunities for corruption, the political favors that are granted at a given moment, and so on. This is also the case in the stock market, where it is almost the conventional wisdom among brokers that no major deal takes place without inside information. The point is not that these acts are legal or illegal, good or bad, proper or improper; it is just that they prevent an individual from saving or investing for the long term, because he or she knows well that it is the discretionary power of the bureaucracy that will determine success or failure. The result of this is that nothing at all can be predicted in any way. In other words, this is precisely what Vernon saw, and it has not changed one iota.

From this perspective, what has happened in recent years is revealing. The government changed the economy's modus operandi, brought about major political changes, and reformed much of the economic structure. Yet its essence has remained the same. In other words, it changed the conditions, but not the ground rules. Individuals do what they like or can, but the government reserves the legal power to impose its will. And this applies not just to the economy; the problem is generic: it applies as much to electoral matters as to the administration of justice, as much to taxes as to access to power. The country is up against the problem of living in a world in which the last word belongs not to the law but to the discretionary power accorded to the bureaucracy by the law itself or by the biased interpretation of a given official, who need not worry because he enjoys complete impunity. For this reason, no one is going to commit himself to a legal approach to doing things, thus leading us into the vicious circles that characterize much, if not all public activity in the country.

If we accept Vernon's hypothesis, we would have to conclude that the reasons why there is capital flight, why savings seem inadequate, and why there is only short-term investment are very obvious. Until this changes, Mexicans will not change their view of the government, the country, or the economy, and their decisions will remain the same regardless of whether the government raises or lowers taxes, privatizes this, or authorizes that. Until the essence of the political system changes, the country will remain doomed to increasingly suffocating economic stagnation.

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Guatemala

Special Prosecutor for Bamaca Case Resigns

PA0308144495 Mexico City NOTIMEX in Spanish 1829 GMT 1 Aug 95

[FBIS Translated Text] Guatemala City, 1 Aug (NOTIMEX) — Julio Arango Escobar, special prosecutor investigating the case of guerrilla Efrain Bamaca, who disappeared in 1992, today announced his resignation from the post he has occupied since last May.

At noon on 1 August, the official submitted his apology to the Office of the Prosecutor General for withdrawing from the investigation of this case.

Arango Escobar declared that his resignation was not caused by the death threats and intimidation he had been subject to since he was appointed to direct the investigation.

He insisted that his decision was motivated by "strictly personal reasons."

The former special prosecutor had denounced the little cooperation he had received from the authorities and the obstacles he encountered during the investigation, which involved high-ranking officers of the Guatemalan Armed Forces.

In June Arango Escobar denied rumors regarding his resignation and maintained that despite the difficulties, he would continue on the case until the "structures of impunity," which prevail in Guatemala, were overthrown.

On 23 June, he announced that his office, located at the Public Prosecutor's Office in downtown Guatemala City, had been shot at from the street by unidentified individuals during an event which has not been clarified yet.

Arango Escobar carried out the inquiry to locate and exhume guerrilla Efrain Bamaca's remains at the military detachment in La Montanita in San Marcos Department, near the Mexican border.

His actions were fruitless, because he never obtained authorization from the appropriate judges and the Army's highest echelons to carry out the exhumation.

Prosecutor General Ramses Cuestas must appoint within the next few days a substitute for Arango Escobar, who was the second special prosecutor for the Bamaca case.

The Bamaca case became a current issue last March when U.S. Congressman Roberto Torricelli charged Guatemalan Colonel Julio Roberto Alpirez with murdering the guerrilla commander.

Torricelli denounced Alpirez as a paid agent of the CIA in Bamaca's murder. According to official Army reports, Bamaca died during a clash in March 1992.

U.S. Attorney Jennifer Harbury, Bamaca's wife, says the guerrilla was captured alive and was tortured to death at a Guatemalan Army clandestine prison.

Harbury has forced the investigation with hunger strikes and protests both in Washington and Guatemala to clarify the case, and has decided to sue the CIA to obtain more information about her husband's fate.

URNG, Government Reach Agreement on 'Important' Points

PA0408044195 Mexico City NOTIMEX in Spanish 2146 GMT 3 Aug 95

[FBIS Translated Text] Mexico City, 3 Aug (NOTIMEX) — The Guatemalan guerrillas today announced that in August it will speed up the talks they are holding with the government on social and economic issues and on the agrarian situation and will negotiate a cease-fire only when all the causes of the conflict have been discussed.

During a news conference, Commander Rolando Moran, one of the four commander generals of the Guatemalan National Revolutionary Unity [URNG], said that his organization and the government agreed on important points last week and that this agreement will invigorate the negotiations process.

Moran said the sides so far have not discussed operative issues such as a cease-fire, disarmament, demobilization, and the incorporation of the URNG to civilian society.

Moran said the cease-fire issue will be discussed once the issues that caused the conflict more than 30 years ago are discussed.

He said that as of the 15th, the two sides will hold two plenary meetings to discuss the agrarian situation in Guatemala, programs for economic and social recovery, changes in state structures, and a fiscal reform to finance the peace agreements.

Remarking that the URNG is "prepared to sign the agreement this August or September," Moran said his organization is not particularly interested in how much time the negotiations take but, rather, in the contents and essence of the agreements.

He said that one agreement reached by the URNG and the government last week will permit quicker negotiations and that none of the parts will state opinions on proposals by the counterpart in order to avoid unnecessary discussions and misunderstandings that could prolong the process.

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The rebel commander said that if the Guatemalan Government "has the political will to sign the agreement as soon as possible, a firm and lasting peace agreement will be signed soon, but to do so the government must ignore pressure from the business brass."

The toll of the Guatemalan armed conflict is more than 150,000 dead, more than 200,000 orphans and 100,000 widows, and incalculable property and psychological damage for the people, especially the Indian population.

Moran urged the Guatemalan people to demand an extension in the deadline for electoral roll registration, which expires in 12 more days. The extension would permit more democratic elections on 12 November. He said approximately 1.5 million people, mostly the poor, have not been registered on the electoral roll due to the lack of a residence card, which contains personal data and costs 35 quetzals, approximately $7, which for many represents three days wages.

Moran urged international organizations such as the United Nations and the OAS, friendly countries of the negotiations process—the United States, Venezuela, Colombia, Mexico, Norway, and Spain—and the international community to participate as observers in the presidential elections. This participation, he said, will give credibility to, and make more honest, the electoral process, which, because of new factors, could have tainted results.

Moran characterized as valuable and objective the Second Annual Report issued by the UN Mission for Guatemala in recent days and termed as accurate the mission's mention of the climate of impunity prevailing in the country.

Nevertheless, he denied the part of the report stating the URNG violates Guatemalans' human rights, because, he said, it is the Army that engages in such activities.

Honduras

Tank Mobilization in Capital Viewed as Threat

PA0308214095 San Pedro Sula TIEMPO in Spanish 3 Aug 95 p 3

[FBIS Translated Text] Tegucigalpa [dateline as published] — Yesterday, the Honduran military deployed a significant number of tanks and light tanks in the capital, a fact that has been interpreted as a threat in reaction to the trial initiated against some officers for having allegedly participated in the forced disappearance of people during the past decade.

However, Armed Forces Commander General Luis Alonso Discua said the tanks were on Armed Forces Boulevard on an "exercise," because tomorrow the military will celebrate an anniversary of the First Infantry Battalion.

The tank deployment was denounced while the Military Superior Council was holding a meeting at Staff headquarters to establish its position on the accusations from the Human Right Prosecutor's Office.

Betha Oliva de Nativi, coordinator of the Committee of Relatives of Missing Prisoners in Honduras, said that the purpose of the tank deployment was to instill fear because the military "is supposedly already trained for celebrations" and this type of mobilization is unusual nowadays.

She recalled that in the past such mobilizations were frequent because whenever the military had any kind of problem, they would exhibit their tanks to sow fear in the civilian authorities and in the population.

Reina Says Military Responsible for Disappearances

PA0408015895 Panama City ACAN in Spanish 2330 GMT 3 Aug 95

[FBIS Translated Text] Tegucigalpa, 3 Aug (ACAN-EFE) — Honduran President Roberto Reina said today, Thursday, that members of the military are state servants, which does "not exclude" them from being held responsible in human rights violations even though they were not part of the political decisionmaking of the 1980's.

Therefore, "they will have to face justice," he said, "the time will come when each and every one of them will have to face justice."

General Luis Alonso Discua Elvir, commander in chief of the Armed Forces, has complained because he considers it unfair that only the Army is being accused of being responsible for the disappearance of 184 opposition leaders during the 1980's.

Discua said on Wednesday that the disappearances are the result of a "state policy," which comprises three branches and not the result of a specific action by the Armed Forces; he also demanded punishment for those who "placed bombs, assaulted banks, and carried out kidnappings."

The Honduran president described the period when the disappearances took place as "a page of immense shame" and emphasized that now "we have to find an adequate solution in accordance with the law."

When referring to a request to the U.S. Government by National Human Rights Commissioner Leo Valladares for the declassification of reports, Reina said that "it is a procedure to find out the truth" about events and people related to the disappearances.

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"We should not be frightened" of that request, he said, "much less those who have done nothing wrong."

The president insisted that Honduras is overcoming "the habit of arbitrariness and disorder" and now "we are getting into the habit of living in a legal state."

Reina also said that the Armed Forces' attitude of showing solidarity with and offering legal support to the 10 officers charged with the kidnapping of six university students in 1982 is logical.

But he requested that the guilt or innocence of the accused "not be prejudged," because the legal authorities "will have the last word" on this.

The president downplayed the mobilization of Army tanks in some sectors of Tegucigalpa and asserted that this is part of exercises prior to a military celebration to take place tomorrow, Friday.

Reaffirms Loyalty of Military

PA0408043995 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 2 Aug 95

[Report by Jose Danilo Izaguirre]

[FBIS Translated Text] President Carlos Roberto Reina has been asked what he will do if the military decides that the 10 officers mentioned in the 3-16 case are restricted to their barracks and if the military tries to prevent them from responding to legal procedures against them. He deplored the fact that the country continues to talk about military uprisings and rebellions when the fact is that the military, through their top commander, has reaffirmed its total backing and its obedience to constitutional order in the Republic. The president said that no one, including the military, can be above the law, because justice does not permit this and noted that just as he is filing charges in common courts, the military will have to respond to court summons.

Let us hear a report from Jose Danilo Izaguirre.

[Izaguirre] It was reported yesterday that General Luis Alonso Discua Elvir, commander in chief of the Honduran Armed Forces, has said that the institution will give its total support to officers involved in cases of missing people — officers whose names have been mentioned — and will comment on Human Rights Commissioner Leo Valladares' request to the U.S. Embassy, to the U.S. Government, that documents with information on this be declassified.

What is the truth? The president was categorical on any Armed Forces decision not to send the military to testify in court. Let us listen:

[Begin recording] [Reina] We are supporting Foreign Ministry members who have been processed. This is the esprit de corps of a military unit and of institutions.

The key question is what kind of support is being given? The only support that can be given is solidarity, legal protection, and good attorneys so that they come out clean. There is no other kind of support that can be provided.

If they were not to show their solidarity with those who are being processed, some of whom are in prison, they would be acting as bad friends. Support does not mean they are going to obstruct the law, because this would not be permitted.

The Armed Forces' loyalty has been reiterated an infinite number of times. A court order was obeyed 24 hours before it was received. All Hondurans must feel proud about this. What was the military before? A force for repression, for torture, for making people disappear. This is in this country's past. I think there is a big difference between those days and now when professionalism and adherence to the laws rules.

Their self-esteem and the fruits they may have derived from the moral revolution elevate them in the eyes of the people.

[Izaguirre] Mr. President, with regard to unrest in the country, are the Armed Forces loyal?

[Reina] The country is completely calm. I beg you to report this: This very day the commander of the Armed Forces has reiterated his loyalty and backing for the government, and if a radio station reports otherwise, then it is changing things. I believe we must be careful in reporting, for the country's sake. Today's bad habit is to make a business of news and only bad news is news. This is a disease. It hurts the country. The fatherland is everybody's responsibility. I ask you to report this information. We want to be like our hero, the most correct man in the fatherland's history.

I respect your opinion and also what some media may have said about this, but I do not see it this way. To review the recent past, with its 184 victims, is a most delicate matter. It is not easy. In some countries the situation resulting from this was more chaotic. Here we are pulling out of this situation with as little damage as possible. We are moving from being a country in bankruptcy to becoming a country with a good image and with an improving culture and identity and with civilized values.

I do not think there will be any chaotic situation here. General Avila Soleno remains in command of the Armed Forces, and relations with him are also excellent.

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[Izaguirre] Mr. President, are the Armed Forces being persecuted or not? That institution says that if there is going to be justice, then those who placed bombs, attacked banks, and killed people should be punished also, and not just the military.

[Reina] Danilo, the most persecuted man is the president. I am going through an ordeal. Why do you say that a person who is following the course of the law is being persecuted? This is distorting the news, completely disstorting the news. What happens is that we are not used to implementing the law. We have been used to a different style of government, and in changing this, it is producing a very big shock.

We are not going to permit legality to fail because we would be returning to the days of the law of the jungle, the days when journalists were the primary victims, with newspaper closures and journalists being arrested. Whoever fosters this kind of situation is suicidal.

I tell you: In this government, the Office of the Human Rights Prosecutor was created by the previous administration. My government did not create it. When that office began working, the big commotion started.

What I have to discuss with sensible Hondurans is if it is healthy to examine so many crimes at the same time, processing so many people, from the Foreign Ministry, the military.

I think this may have an effect contrary to the desired one. I agree with you that this should not be this way. Let us handle two or three cases and then start on new ones until the fatherland is clean. [end recording]

Gen. Discua on Charges Against Officers

PA0308220895 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 3 Aug 95

[Report by unidentified anchorman and reporter Lucia Alvarado from "The Morning Paper" newscast]

[FBIS Translated Text] [Anchorman] Armed Forces Commander Luis Alonso Discua Elvir has stated the Armed Forces only want a fair and unprejudiced trial for the military officers accused by the Human Rights Ombudsman's Office. The Armed Forces also want action taken against those who used ideological beliefs as an excuse to rob banks, kidnap people, and disrupt the country's constitutional order.

Armed Forces Commander Gen. Luis Alonso Discua Elvir said the accused officers have rights like any other citizen, including the right to a fair trial. Otherwise, if we are not going to abide by the constitution of the Republic we might as well destroy it, he said.

Gen. Discua Elvir said there is a conspiracy behind the latest incidents, to involve Armed Forces officers, but he did not identify those responsible for this. Here is a report by Lucia Alvarado:

Armed Forces Commander General Luis Alonso Discua Elvir has demanded, with the constitution in his hands, a fair trial against the military officers currently accused of participating in the disappearance of people. He also demanded a trial against those who use their ideology as an excuse to rob banks, kidnap people, and try to destabilize the state.

[Begin Discua recording] The Honduran Armed Forces have three main guidelines and this is the corps' official position on the case involving accusations by the Human Rights Ombudsman's Office against some officers:

1. Every citizen has the right to defend himself and his guilt or innocence should not be judged beforehand.

2. All Armed Forces members have, and will have, the solidarity and support of the military corps as long as a competent court does not rule their culpability.

3. We have confidence in the decency, professionalism, honesty, clarity, and lack of prejudice of those who comprise the courts of the Republic.

Those are the three main guidelines, and that is the firm policy, of the Armed Forces. [end recording]

Regarding the version the Armed Forces are reportedly willing to hide the mentioned officers in their battalions to prevent their arrest, the commander in chief said:

[Begin recording] [Discua] First of all, the units are open to anyone who wants to wants to render his military service. They are welcome. Second, any Armed Forces member can give his opinion to a friend; he can give his opinion to any person — but that is his personal opinion rather than an institutional opinion. That is why I was clear regarding the previous question. The institution's guidelines are the three I mentioned — the Armed Forces' basic guidelines and position.

[Alvarado] General, can these three Armed Forces positions be interpreted as conditions to bring these officers before a court?

[Discua] We, the Armed Forces members, are...[pauses] we cannot give our views beforehand on a justice court's position, meaning whether it will be biased or political. We will observe and see if the laws and legal procedures are abided by; and if what has been said abides by the constitution of the Republic. That is what we are saying. No one should be tried beforehand; no one should be considered guilty without facing a trial. That is our viewpoint. Logically, we will watch — very closely

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— the procedures because sometimes injustices are committed and a guilty verdict is passed down without a trial, as a form of vengeance against an officer. If that happens the situation will be analyzed one more time.

[Alvarado] Regarding the secrecy that has evolved around this trial, the commander in chief said:

[Discua] In this very special case, secrecy has been established but not for everyone. Secrecy for those who wish to defend themselves but not for those making the charges. When a trial is declared secret it can only be followed by the acting judge and the court secretary. In this case, the secrecy only applies to those who wish to defend themselves and not to those presenting the charges.

[Alvarado] Regarding the declassification of documents on missing persons that National Human Rights Commissioner Leo Valladares has requested from the U.S. Embassy, he said:

[Discua] First of all, he has every right to do this; it is part of his job. He is the human rights commissioner for the state and he has every right to make this type of request. I have no other comment to make on that.

[Alvarado] He said that the Armed Forces' current position on the situation that has developed over these past few days is within the republic's Constitution:

[Discua] We are saying that this is the Armed Forces' position — its constitutional and legal position as contained within this little book called the Constitution of the Republic. Here the rights of every citizen are clearly outlined. If this is not followed, then we might as well destroy it. If there is not going to be legal security, then we might as well destroy the legal code and the legal procedures. If the trial is not going to be impartial, it means we are not in a legal state and not everyone has the same opportunity. We saw that during the 1980's decade there were those who planted bombs, those who assaulted banks, those who kidnapped — where are they? What about the Contras' war against Nicaragua? Was it not waged here? Did we not have refugee camps such as Mesa Grande, Colomoncagua, which served as resting redoubts for Salvadoran guerrillas. Where are all those who supported these policies? Where are they? Where? Who speaks about that? I do not believe that the people did not know about this situation. I say this to refresh your memory. Were there not contra training camps here? Were there not refugee camps here? Were there not Salvadoran FMLN [Farabundo Marti National Liberation Front] refugee camps here? Who gave them logistical support? Hondurans were involved in this. Where are they? Or did the guerrillas receive the support as a gift from heaven? I believe that we need to assign responsibilities. [end recording]

[Alvarado] Gen. Discua Elvir rejected the idea that the Armed Forces intend to destabilize the country's democratic process. In addition, he rejected the idea that tanks and other armaments are being taken out into the streets to intimidate the people as other media have speculated.

Panama

Unions Declare 'Indefinite' Strike Over Reforms

PA0408040895 Panama City ACAN in Spanish 0228 GMT 4 Aug 95

[FBIS Translated Text] Panama City, 3 Aug (ACAN-EFE) — A total of 49 Panamanian trade unions that oppose the Labor Code reforms announced today that as of 0700 (1200 GMT) tomorrow, Friday, they will begin an indefinite national strike.

Genaro Lopez, leader of the Single National Union of Construction and Related Workers (Suntracs), said in a meeting near the Legislative Assembly that tomorrow they will begin the announced national mobilization against amendments to the Labor Code. The most conflictive points are labor mobility and the unemployment fund.

Suntracs and the union representing the multinational Chiriqui Land Company are heading the protests and are arguing that the reforms curtail workers' rights, such as salaries and indemnities.

The private sector, which rejects the creation of a dismissal fund because it considers it a disincentive for investment, wants the government to include in the Labor Code "in compensation" the freedom of dismissal, which has been rejected by the pro-government legislators.

Labor Minister Mitchell Doens announced that the workers' right to strike will be respected but warned that disturbances and the blocking of streets will not be allowed.

The Legislative Assembly announced that tomorrow, beginning at 0900 (1400 GMT), the second debate on the reforms will begin in the plenary, after a first debate approval by the pro-government legislators and the rejection by opposition legislators.

Legislator Balbina Herrera, who belongs to the ruling Democratic Revolutionary Party (PRD) and who presides over the parliament, warned that no excesses will be allowed in the Legislative Assembly and representatives of all the groups that oppose the reforms will have

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access to the debates and an opportunity to state their positions.

The debates will be aired over the Educational Television channel, according to Herrera.

Today there were brief clashes between riot police and workers who oppose the reforms when they tried to force the Legislative Assembly entrance gate because they were not allowed access under the pretext that they could cause disorders.

Panamanian President Ernesto Perez Balladares, when inaugurating today the Expo Industry '95, organized by the Association of Panamanian Industrialists, warned that if the reforms are not approved now, in the future "it will be more traumatic."

He said that he is convinced that "today's worries (due to the reforms) will save the country from social explosions of an unsuspecting magnitude" in the future and that he is not seeking "political tranquillity and some applause" and does not favor putting off "indefinitely" those "difficult decisions."

President Says Changes Necessary for Progress

PA0408044595 Panama City EL SIGLO in Spanish 1 Aug 95 p 20

[Report by Euclides M. Corro R.]

[FBIS Translated Text] President Ernesto Perez Balladares has not only accepted that the changes being promoted "are not that easy" but also that "they will have a political cost." He said, however, "the changes are necessary for the country's progress."

Perez Balladares made these statements yesterday during a surprising visit he made to the offices of EL SIGLO. He took this opportunity to comment on the problems Panama is experiencing.

The president favored the right to protest of those who disagree with the changes. He added, however, that "all democratic rights have two sides; that is, we cannot deprive the others of the right to move around freely."

He said that the strike the workers are preparing "does not benefit anyone," adding that the question is not "to oppose everything for the sake of opposing but, rather, to thoroughly analyze the problems and to search for answers triggering a change in favor of the majority.

Regarding the fact that the workers sector and the businessmen sector oppose the Labor Code reforms, Perez Balladares said "this indicates we are only halfway through." He also said that if one of these groups defended the reforms, then people would say the reforms favor one of the two groups.

"The important thing," he said, "is that the reforms are not against any of them; they stem from the need to seek a balance to ensure there will be new sources of jobs." He recognized, however, that without Panamanians' true resolve, all these efforts would not yield any results whatsoever, because investors come here, observe, and analyze, and if it is inconvenient for them, they will leave right away.

President Perez Balladares seized the opportunity to announce that his government will submit to the legislative branch a draft bill to eliminate the so-called "gag law" on journalism in Panama. This draft is aimed at promoting a true freedom of expression "by depoliticizing the crimes against this right itself."

According to the chief of state, we have taken the necessary steps to promote "a new structure on which to readdress the economic program." He said "our interest—we are working in good faith to attain this goal—is to create the conditions, to promote, and to make the effort; only then will they (the investors) come and make a decision."

The president spoke about his upcoming meeting with U.S. President Bill Clinton, saying the turning over of the Panama Canal, Panama's entry into the free trade agreements, and drug trafficking are the issues included on his agenda.

On this latter issue, Perez Balladares affirmed that the United States is cooperating in the fight against drug trafficking and that it is important to set tangible objectives. "In addition, they must help us with the costs this fight entails, a fight that is not done with "pennies."

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Argentina

Menem Denies Possible Removal of Cavallo

PY0408011995 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1219 GMT 3 Aug 95

[FBIS Translated Excerpt] Buenos Aires, 3 Aug (NA) — President Carlos Menem today emphasized that "no one wants to remove" Economy Minister Domingo Cavallo. The president denied that the departure of former Public Revenues Secretary Carlos Tacchi had been prompted by contention between the economy minister and chief of cabinet Eduardo Bauza.

Menem therefore disavowed the remarks made by Tacchi in an interview published today by the morning newspaper LA NACION. In the interview Tacchi emphasizes that his resignation is not significant, "but the fact that an effort is being made to remove Cavallo is."

In remarks to Radio America early this morning, the president noted: "Tacchi and Cossio [former General Directorate of Taxation head Ricardo Cossio] have left. There is nothing else to it. No one wants to remove Cavallo, or anything like that."

In this regard, the president added: "There is no contention whatsoever, nor are there plans to remove economic team members." He thus again delivered a calming message to the markets. [passage omitted]

Menem noted that the former public revenues secretary resigned for "personal reasons." He therefore rejected the reports that attributed Tacchi's decision to contention with Bauza.

The president emphasized that these reports had been made "without any grounds" and are "unrealistic." He noted that "Tacchi clearly expressed that he had fulfilled the goals he had established" when he was installed. Menem described this goal as "implementing strict fiscal discipline in Argentina."

Menem added: "When men understand that they have already completed a cycle in their commissioned duties, they tender their resignations and are no longer government officials." [passage omitted]

[Buenos Aires TELAM in Spanish at 1229 GMT on 3 August transmits a 60-word report datelined Buenos Aires that adds: "Cabinet chief Eduardo Bauza today emphasized that Economy Minister Domingo Cavallo 'is supported by the president (Carlos Menem) and by the entire cabinet, and absolutely no one wants to remove him.' In remarks to Radio Del Plata, Bauza pointed out: 'I have a personal and friendly relationship with Cavallo. People have speculated a thousand times about fights between us, and we have never had any dispute.'"]

Cavallo Accepts Cossio's Resignation

PY0308143395 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1047 GMT 3 Aug 95

[FBIS Translated Excerpt] Buenos Aires, 3 Aug (NA) — Economy Minister Domingo Cavallo has accepted the resignation of Ricardo Cossio, the head of the General Directorate of Taxation (CGT), and appointed Hugo Gaggero, deputy chairman of the Argentine National Bank, to fill the vacancy.

This was not the only move by Economy Ministry officials: Felipe Murolo, AFJP [Pension and Retirement Fund Managing Companies] superintendent, replaces Gaggero as Argentine National Bank deputy chairman.

During a news conference at the Economy Ministry yesterday, Cavallo justified his decision to accept Cossio's resignation by asserting that Buenos Aires Province Governor Eduardo Duhalde "has for a long time asked Cossio to advise him on tax collection matters." [passage omitted]

Tacchi Discussess Resignation, Bauza, Cavallo

PY0408032495 Buenos Aires LA NACION in Spanish 3 Aug 95 p 5

[Interview with former Public Revenues Secretary Carlos Tacchi by German Sopena; place and date not given]

[FBIS Translated Excerpt] [Sopena] Why did you leave your post?

[Tacchi] There is no one reason. Let's say that the straw that broke the camel's back involved a law that was enacted because a veto that I had asked for was not implemented. But this problem began a long time ago, in June 1992, when Customs Administrator Juan Carlos Martinez, who was my right-hand man in a key organization for the collection of revenues, had to resign. And Gustavo Parino was appointed to that post. There was another serious problem in 1994 when an effort was made to defend the Macri Group in a tax fraud issue involving vehicles. However, this problem was also solved. And then the political problems began.

[Sopena] What problems, specifically?

[Tacchi] The first negative sign involved a refusal to approve the social security bill. Afterwards, our budget proposals were systematically "rejected." And finally, already in February 1995, the figure of Eduardo Bauza appears directly as a stumbling block for our work at the Economy Ministry. [passage omitted]

[Sopena] Why are you leaving after so short a time?

[Tacchi] Because all our proposals began to be shuffled around in drawers and ministries without any decisions

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being made. In the past, within a minute or two, our proposals received the president's final opinion to go ahead or change them. Now it is like an elephant in a bazaar, as everything gets lost. Our proposals go to the Justice Ministry, the Education Ministry, or Congress for consultations. The Economy Ministry has lost the executive level it used to have until now.

In addition, proposals and bills with which I disagree began to appear. I left for all these reasons. There was a meeting on 27 July that was a farce. I was there with Bauza, Cavallo, and [Labor Minister] Caro Figueroa. And we again wanted the shared trade union responsibility bill to be vetoed. We agreed that this bill would be vetoed. But on the evening of 28 July I found out that the veto was never signed by Menem. Right there I drew up my resignation and handed it to Cavallo. [passage omitted]

[Sopena] Why do you believe that Bauza is directly responsible for this new situation? Would it not be possible that Bauza merely has a different opinion on some issues?

[Tacchi] No. In this case they actually want to remove Cavallo. That is the heart of the matter.

Militant 'Quebracho' Defends Violent Methods

PY0408030395 Buenos Aires TELAM in Spanish 1934 GMT 3 Aug 95

[FBIS Translated Text] Buenos Aires, 3 Aug (TELAM) — Guillermo Caviazca, a militant from the violent group "Quebracho," claimed today that violence is a valid method of political action, and criticized traditional political forces because they do not face the government as they should.

"We participated in all the mobilizations in provinces and cities where we have comrades (...) all means are correct to defend yourself, because no one has the right to take away a person's job," Cavianza said.

"We believe most traditional political structures are not prepared to join the struggle we must face, the workers must face, to combat this model that is tolerated by almost all the political parties," Cavianza said.

The "Quebracho" group militant told Radio del Plata that "we do not decide" to resort to violence in demonstrations, adding, however, that when a peaceful demonstration does not find a government answer "it becomes violent."

Cavianza said that his group had participated in protest marches in Cordoba, San Juan, and other provinces where some violent incidents occurred.

Cavianza explained that "Quebracho" is an organization that was created a year and a half ago by former Peronist [Justicialist Party] and leftist militants "to carry out tasks that are necessary in the country today."

Cavianza asked the audience not to discuss only the violent acts of protest movements, but also "the violence involved in taking away a worker's salary, the possibility of working, and sentencing him to marginality, hunger, and misery."

Cavianza denied that they had participated in demonstrations with any kinds of weapons, adding that he "could not say" if those who burned a bus in San Juan were "Quebracho" militants.

He said, however, that "all means are correct" to defend oneself because "no one has the right to take away a person's job."

Army Denies Attack on Barracks

PY0308154595 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2211 GMT 2 Aug 95

[FBIS Translated Text] Rosario, 2 Aug (NA) — A fire at a warehouse at the 121st Communications Battalion was not due to an anonymous attack but to "an act of negligence" by a soldier on guard who then gave a false account of what happened to avoid punishment.

This information was officially announced by the 2d Army Corps, headquartered in the City of Rosario, which denied being attacked with a Molotov cocktail as the guard had reported.

The 2d Army Corps issued a communique stating that the fire was caused "by the unintentional but careless action of a soldier, who threw a lighted cigarette stub into a warehouse."

The Army thus totally dismissed the initial story by the soldier, who said a home-made bomb had been thrown at the military barracks.

Meat Union: Paraguay Violates Mercosur Treaty

PY0408034895 Buenos Aires TELAM in Spanish 2008 GMT 3 Aug 95

[FBIS Translated Text] Buenos Aires, 3 Aug (TELAM-SEM) — The Union of Argentine Meat Industries (Unica) denounced today the decision by the Paraguayan Government to increase the tariffs imposed on beef imports, in clear violation of all Mercosur [Common Market of the South] treaties.

According to Unica, Paraguay is now charging a 10 percent tariff on half cuts with bones and a tariff of 30

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percent on quarters and beef without bones that enter its territory.

Unica complains that Paraguay has simply imposed new tariffs on beef affecting Argentine shipments to that market, as if Mercosur did not exist.

Unica stressed that the new tariff is already affecting shipments made by Argentine cold packaging firms, which were surprised by the illegal measure that was decided unilaterally.

The complaint issued by the meat association was disseminated at a time when representatives from the four Mercosur member countries are attending a new meeting of the Common Market Group (GMC) in Asuncion, which on 5 August will be joined by the Argentine, Brazilian, Paraguayan, and Uruguayan presidents.

Unica asked Argentine negotiators to stand firm and obtain the immediate lifting of obstacles hindering the beef trade within the regional market.

Unica recalled that when the Ouro Preto agreement was signed the list of products on the Temporary Exceptions List did not include beef.

Unica representatives said that all meat by-products were therefore included in the group of products that do not pay tariffs within Mercosur.

Unica said that Paraguay did not even manage to request the item's inclusion on the agenda, but decided to impose these tariffs unilaterally and without consulting with anyone, in violation of existing treaties.

Decision To Retain Labor Minister Viewed

95SM0450B Buenos Aires Internet (Argentina Gopher) in Spanish 21 Jul 95

[Commentary by Edgardo Silberkasten: "The Implementer"]

[FBIS Translated Text] A number of friendly labor leaders and several politicians close to the administration felt that they were going to succeed Armando Caro Figueroa as labor minister. The minister, who some weeks ago described for EL CRONISTA his plans as of December, when he would take up his seat as a deputy from Salta, was also no doubt caught unawares by Menem. But the president's decision to keep Caro Figueroa in his post for another year cannot be interpreted as a letdown for his inner circle nor as unqualified support for the temporarily frustrated Salta lawmaker.

Raul Alfonsin's former labor secretary decided some time ago to place all his bets on Minister Domingo Cavallo. He implements his policies without offering any criticism and is an esteemed proponent of deregulation, more flexible labor laws, cuts in Argentine costs, and provincial austerity. His position, which is at odds with the ruling party's "gurkas," who would like more welfare spending and a more active role for the state in decisionmaking, is in agreement with Cavallo and the entire economic leadership.

Menem knows as this; he is also aware that replacing Caro Figueroa was going to touch off a furious battle among successors. In order to avoid this understandable internal feuding and the political cost of appointing someone else to head the Labor Ministry, he retained his minister in a clear demonstration that economic policy would not change and that Cavallo is stronger than ever. This is the situation at least until the crisis over the ominous 18.6 percent jobless rate passes and the administration can point to other, less worrisome indicators.

Polemic Over Cabinet Chief Functions Viewed

95SM0448B Buenos Aires CLARIN in Spanish 14 Jul 95 pp 14-15

[Commentary by Horacio T. Liendo, secretary of legal, technical, and administrative coordination of the Ministry of the Economy and Public Works and Services] [FBIS Translated Text] Rodolfo Terragno maintains that the cabinet chief should perform the functions that the law assigns to the Economy Ministry in budgetary matters and charges that the president has deviated from the amended Constitution in this regard.

He has held the same position since he was nominated as a potential candidate for cabinet chief in the event of a UCR [Radical Civic Union] election victory.

He is wrong. As he himself says: "The Constitution is extremely clear."

"The cabinet chief may not head another ministry simultaneously." The functions that were entrusted to him "to collect the nation's revenues and to execute the National Budget Law" were the ones that used to belong to the president of the nation (before the reform), not the ones now belonging to the economy minister under the Law of Ministries. This latter being the minister who "collects revenues and executes the budget" as one of his inherent powers in "the nation's business office."

Not a Bureaucratic Struggle

Apparently, the decrees that the president used to issue pursuant to this power have become, after 8 July, "administrative rulings" by the cabinet chief, with the "endorsement" of the appropriate minister, in other words, the economy minister.

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In turn, the president, after the reform, oversees budgetary matters and, of course, retains the power to name and remove "on his own" both the cabinet chief and any other minister.

So this is not, as Terragno claims, a bureaucratic, much less a political, struggle between two ministries. Nor is the Economy Ministry a "bestiary" with a budget of "$5 billion."

Ten Percent

The operating budget of the Economy Ministry's "bureaucracy" is barely 10 percent of the above number ($515 million), and 31 percent of it is labor costs. In order to arrive at the figure of 3.296 billion pesos that has been attributed to the ministry, we need to add in $550 million from transfers to provinces, $651 million from the National Roadways Directorate, $795 million from the General Taxation Directorate, $225 million from the National Customs Administration, $128 million from INTA [National Institute of Agricultural-Livestock Technology], $107 million from Cofapis, and $325 million from other decentralized agencies.

Obviously much remains to be done in reforming and modernizing the state, at the national, provincial, and municipal levels alike, but it must be done on the basis of a genuine assessment of institutional, judicial and economic realities, both by the government and by the opposition. We owe it to the people!

[Box, p 15]

What Terragno Said

- The Constitution is extremely clear. The cabinet chief must "conduct the general management of the country, collect the nation's revenues, and execute the Budget Law."
- Under the Constitution, the cabinet chief will be the real economy minister.
- Instead of arbitrating disputes between officials by clearly delineating spheres, the president is cloning bureaucratic beasts and making them fight for turf.

Bordon-Alvarez Friction Discussed

95SM0447B Buenos Aires CLARIN in Spanish 24 Jul 95 p 8

[Article by Atilio Bleta; first paragraph is CLARIN introduction]

[FBIS Translated Text] In recent days the differences between Bordon and Alvarez have grown deeper. So now the major leaders of Frepaso [Country and Solidarity Front] are meeting. They want to provide an image of unity and a stronger and more active opposition profile for the center-left alliance.

Well aware of the dangers created by the differences between Jose Octavio Bordon and Carlos Alvarez, leaders of the Bordon faction and of the Grand Front will meet tomorrow to try to smoothe things out and also to get Frepaso moving. Despite the 5 million votes it won in May, it has not yet been able to find its course or a profile suitable for an opposition group.

The problems between Bordon and Alvarez grew more acute after the absence of the Mendozan [Bordon] from the press conference on Friday at which Frepaso released its proposal on unemployment, a proposal supported by the two opposition union federations, MTA [Argentine Workers Movement] and CTA [Argentine Workers Congress].

In addition to the proposal for "getting out of the crisis and reactivating employment and production," the Grand Front, Socialist Unity, Christian Democracy, and technical specialists from the Bordon faction have developed an initiative to create a coalition that will back the proposal or that will at least serve to put pressure on the government so that it will deal with the unemployment disaster.

Contacts

To do this, the technical staff coordinator, Carlos Auyero, has contacted the Industrial Union, ADEBA [Association of Argentine Banks], the Church, and other organizations with which the Frepaso document will be discussed.

Once the concerns of the production and labor groups have been received, the next step would be to request meetings with President Carlos Menem and the head of the cabinet, Eduardo Bauza.

But Bordon's failure to appear on Friday, combined with similar actions on his part in the past and his attack on the Front document, which he criticized for containing "inconsistent technical proposals," have gravely wounded Frepaso's momentum.

It is clear that a proposal which is denounced by the top leader of the alliance making that proposal can not be taken very seriously.

What is Going on Between Bordon and Alvarez?

The flap on Friday (as it was described by the most conciliatory leaders) stems from the stormy relationship between Bordon and Alvarez, which has a history:

It was not easy for Alvarez to become the second man in a center-left alliance of which he had been its major leader for a number of years.

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But Alvarez bowed to the decision of the voters who set up the Frepaso slate on 26 February. Both Chacho and the Mendozan then should have drawn their positions closer with an eye toward the 14 May elections. Along the way they should also have put aside their bitter disputes prior to the internal coalition election.

Its 5 million votes placed Frepaso in the second spot, ahead of Radicalism, but at the same time it obliged the Frepaso leaders to develop the mechanisms necessary to consolidate an alliance which had been in existence for a very short time.

Frepaso was slow in responding to the problems created by the recession and the surge in unemployment, and then the different styles and different ways of analyzing the situation between Alvarez and Bordon came into play.

Alvarez said that Frepaso should be where the conflicts are, and should respond to the "people's demands."

Bordon is more cautious, and also protested against the pressures and the "faits accomplis" to which he was subjected by the followers of Alvarez. He added: "I do not like to be controlled by the times."

Leaders of the Bordon faction and of the Chachist faction agreed in pointing out that "there are no political differences, these are only nuances," and they attribute the short-circuit between the two top leaders to "some misunderstandings and to both of their egocentric personalities."

What Frepaso Needs to Do

The leaders consulted say that the first thing that needs to be done is "to recreate a harmonious political climate in Frepaso and to create a single institute for training cadres." To make these things a reality, they say, the dispute betwen Bordon and Alvarez must be brought to an end; otherwise, there is a danger that "both leaderships may destroy each other."

In addition, they called upon Bordon and Alvarez to "act with authority" to discipline Frepaso, especially in the interior of the country. Finally, the Frepaso leadership will analyze the pros and cons of the announcement of the candidacy of Alvarez for legislator in the capital, an election in which Frepaso has a lot at stake.

Frepaso 'Identity Crisis' Seen

95SM0447A Buenos Aires CLARIN in Spanish 16 Jul 95 p 11

[Article by Atilio Bleta; first paragraph is CLARIN introduction]

[FBIS Translated Text] Jose Octavio Bordon and Chacho Alvarez are feuding over the leadership. They have different attitudes toward the Menem government and they have not yet managed to develop a united alternative economic plan.

Two months after the elections, Frepaso [Country and Solidarity Front] seems disoriented. It has not resolved its organic problems and, what is more serious, as its top leaders acknowledge, it is not playing the opposition role which 5 million voters assigned to it.

The two Front leaders, Jose Octavio Bordon and Chacho Alvarez, seem to be doing nothing about solving the difficulties.

On matters of form, 2 weeks ago they promoted the transformation of the alliance (consisting of the Grand Front, PAIS [Broad Socialist Left Party], Socialist Unity, and Christian Democracy) into a party confederation.

They also promised to draft an alternative economic program.

But so far, the confederation is still on hold, the alternative program has not appeared, the opposition space is occupied—as not a few leaders of the alliance point out—by the Church and even by a sector of the government, the group farthest from Domingo Cavallo.

Problems

As an excuse, the Frepaso leadership cites a number of difficulties.

They say that for a new political group with a presence in the Federal Capital, Buenos Aires, Santa Fe, and Mendoza, and little development in the interior of the nation, it is difficult to work out everything at the same time.

What bothers them most is that they always have to follow behind what the government does, and they have not managed to develop mechanisms to take the initiative, at least on some issues.

Another burning issue is the eight elections which the alliance must face between now and the end of the year (seven provinces and the capital). In the recent election in Tucuman, Frepaso barely topped 1 percent. This blow forced the leaders to concentrate their efforts on four

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places: Rosario, where socialist Hermes Vinner is first in the polls; Neuquen (Oscar Massei may run for mayor of the provincial capital); Usuhaia, where Luis Ausburger has some chances); and the capital, where Frepaso won the last two elections.

The latent competition that has flared up between Bordon and Alvarez is another problem that is consuming energy and creating divisions.

Bordon and his closest associates assume that the 5 million votes he won as a presidential candidate give him the right to be the group's "numero uno." But the Alvarez supporters think the Frepaso leadership should at least be shared.

An example of this debate came out into the open in the commission that is discussing the form the confederation should take. Juan Pablo Cafiero, a Chaco supporter, proposed that Frepaso should have two copresidents, a formula which the Bordon people did not view with favor.

An additional difficulty is the different ways in which Bordon and Alvarez view the present situation.

For the Buenos Aires deputy [Alvarez], a clear course of action needs to be defined as soon as possible, and the group needs to begin to do battle against the government.

Bordon, though, is more cautious, and shows little inclination to assume the leadership which he appeared to consolidate in the prsidential election.

Both have a responsibility for leading a part of the opposition. But they still have to demonstrate whether they are capable of dealing with the present circumstances.

UIA's Blanco Villegas Attacks Bank Policy

95SM0448A Buenos Aires CLARIN in Spanish 14 Jul 95 pp 14-15

[Commentary by Marcelo Bonelli: "Central Bank Blamed for Everything"]

[FBIS Translated Text] Adopting a strategy agreed upon by all manufacturers, the Argentine Industrial Union (UIA) has leveled a powerful attack on top Central Bank officials, accusing them of prolonging the crisis in the banking system.

It did so without anesthesia, and with the backing of the major employer groups. The entire move was agreed upon at the most recent confidential meetings of the manufacturing group's top echelon.

Thus, the UIA publicly and without blushing berated Roque Fernandez' team for not "having the courage" to dispel the bank-related uncertainty that is jolting the financial district and blamed it for the recession that has been pummeling thousands of manufacturing firms.

It also criticized the Central Bank for behaving like a "mere spectator" while industry receives no financing.

Jorge Blanco Villegas was in charge of the offensive. The head of the UIA altered his temporizing language and leveled an unusual attack on the monetary authority.

He took off the kid gloves: "A solution for the financial system requires not mere spectators but rather officials with enough courage to spell out arrangements for all of the banks that are in a position to survive."

It happened a few days ago. At the gathering that the Association of Foreign Banks organized. It was a speech that got practically no public coverage but that made an impact among bankers and public officials.

Throughout the week the echoes from it had the Finance Ministry worried and were an obligatory topic of conversation among businessmen.

Blanco Villegas leveled a direct attack: "The system is still subject to what events dictate, instead of to constructive decisions by the financial authorities."

And he added: "They (the board of the Argentine Central Bank) are behaving more like spectators than like active implementers of specific solutions."

Never has business leveled as harsh and categorical an attack on Central Bank officials. Not even from the interior of the country, which has been hard hit by the crisis in production.

A few months ago there was a memorable confrontation with bankers from the financial district itself. But the association of national banks (ADEBA [Association of Argentine Banks]) and the association of foreign banks (ABRA [Argentine Banking Association]) have never been able to bring themselves to make public their displeasure over Fernandez' performance.

Thus, Blanco Villegas merely ventilated a widespread opinion in the business world.

And it could not have come at a worse time, just as the credit crunch heightened the standstill in production, joining the other factors that have caused a record level of unemployment.

This is why the complaints are not just about the BCRA [Central Bank of the Argentine Republic]. They extend to the entire official banking system. The UIA also criticizes the inactivity of the Investment and Foreign Trade Bank (BICE) and the Bank of the Nation.

Blanco Villegas put it this way: "We are exceedingly worried about the extremely low profile of the BICE,

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which had very little to do with the upswing in exports, as well as about the very timid action by the Bank of the Nation."

These objections were indicated in advance to Carlos Menem at the president's most recent meeting with the top echelon of the manufacturing group. The UIA informed Eduardo Bauza of them separately. And Domingo Cavallo decided to pick up the pace, because in the final accounting he shares many of the industrialists' doubts about the performance of his officials.

"I want action. You are lazy," was the minister's complaint at the most recent meeting of the economic cabinet. And he gave his colleagues an order: hold an urgent meeting with the UIA. The top government financial policymakers will be there: Roque Fernandez; Roque Maccarone, the secretary of banks; and Aldo Dadone, the head of the Bank of the Nation.

The UIA will attend the meeting with a specific proposal: a plan to generate financing by postponing payment for the privatized services for 90 days.

Jose Luis Machinea did the technical work on the proposal. It was approved by the top echelon of the manufacturing group, and its details caught the interest of Eduardo Bauza himself.

An envoy from the coordination minister, secretary Carlos Abihagle, met in midweek with the vice president of the UIA, Claudio Sebastiani. In a word, the two businessmen agree with the official diagnosis: unless credit is available at competitive rates, it will be difficult to emerge from the recession, and unemployment will continue rising.

The bankers agree with this diagnosis, but they are calling for several political decisions before they start lending. That was the conclusion at the Association of Banks meeting in midweek:

- They want the Central Bank to take steps to restructure the system and bring about a final shakeout among banks.
- They want reduced uncertainty about political issues that the administration has left pending. Mainly, they want the economic plan stepped up with action, not just words.

One issue has to do with the controversy over the future structure of the cabinet and its impact on the level of spending. Two Mondays from now the specialists from the IMF itself will be here in Buenos Aires to monitor the evolution of the plan and will most likely take an interest in the issue.

The mission from Washington will not review the past numbers. Its main task will be to hammer out an agreement with the economic authorities on how accounts can be balanced in the future.

All indications are that negotiations on a far-reaching agreement will begin: a standby agreement that will put a fiscal straitjacket on economic strategy through 1996.

This is why the finance secretary has already submitted the budget guidelines for next year. Ricardo Gutierrez's rigid numbers will cause many Menem officials to faint.

The upper-limit guideline calls for freezing outlays at their current levels. In some categories there will be a cut in appropriations.

The crunch marks a trend toward drastic measures. It shows that the government will probably not have additional funds to dampen the provincial crisis, to cover the unemployed, or to offset the heavy red ink that is piling up with the Comprehensive Medical Assistance Plan of retirees.

Thus, the stark numbers in the budget show the narrow, trying bottleneck in social spending that the convertibility plan promises for the future.

But they will also shatter the dreams of many ruling-party politicians. The budget guidelines require another key decision in the struggle for power: Where will the government get the money to increase the number of ministries?

Unemployment Figures Analyzed

95SM0450A Buenos Aires (Internet) Argentina Gopher in Spanish 20 Jul 95

[Commentary by Daniel Naszewski: "More People Looking for Work, More People Losing Their Jobs"]

[FBIS Translated Text] The 18.6 percent jobless rate that was reported yesterday is based on a poll that INDEC [National Institute of Statistics and Census] conducted this past May. This poll has been done twice a year since 1980, usually in May and October. The above number represents the people who are unsuccessfully looking for work as a percentage of the so-called economically active population (EAP) in the country's 25 urban areas. The EAP includes all those working-age men and women who at the time of the poll were able to work, whether they had jobs or not. The rate in the previous poll was 12.2 percent, appreciably lower yet still high.

In round numbers, out of the approximately 33 million inhabitants of Argentina the official estimates usually subtract 15 percent for the rural population, which the

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poll cannot reach. Of the rest, some 28 million in urban areas, 42.8 percent are economically active, which means 12 million people willing and able to work. It is this number that is used to calculate the 18.6 percent jobless rate, 2.2 million people, while 9.8 million had jobs when the poll was conducted last May.

In short, close to 1.4 million people were unemployed last October, compared to 2.2 million at the time of the most recent poll, an increase of 800,000 in the jobless numbers. But if we compare May of this year and May 1994 (for seasonal reasons), somewhat over a million more people are without jobs than a year ago. According to the estimates of economist Juan Carlos de Pablo, of these 1 million new jobless persons 164,000 can be explained by the natural growth of the population; 490,000 are the additional people who started looking for work this year (women and the very young, for example), while 390,000 lost their jobs between May 1994 and May 1995.

As for the 800,000 new jobless persons since last October, the sharp rise can be explained by two basic phenomena: a very considerable increase in the number of new, unsuccessful job-seekers (somewhat more than 500,000) and a rise in the number of workers who had jobs as of the previous poll but who had lost them by May (slightly less than 300,000). To put it another way, the increase can be explained both by the people who started looking for jobs in May (women and young people, for example) and by those who actually lost their jobs.

Business Demands Discussed

95SM0451A Buenos Aires CLARIN in Spanish
21 Jul 95 pp 22-23

[Commentary by Marcelo Bonelli: "The UIA's Prescriptions"]

[FBIS Translated Text] Jorge Blanco Villegas did not hesitate. The head of the Argentine Industrial Union (UIA) looked straight at the labor leaders and told them bluntly: "If you want to halt the wave of layoffs, you will have to agree to a general cut in wages."

Gerardo Martinez listened attentively and went numb. The leader of the General Confederation of Labor (CGT) was his main discussion partner and had just advocated a suspension of the layoffs.

It all happened on Monday afternoon, during the first secret meeting aimed at expanding the budding consensus to combat unemployment.

Obviously, no headway was made at the gathering. But it revealed a feeling that now envelops all Argentine leaders: government officials, but private sector leaders as well, lack viable answers for dealing with the scourge of unemployment.

They are all worried. But no one is able to piece together a coherent response that would at least stop the rate from rising. In one year unemployment is up 100 percent.

The record high rate of joblessness hit the leaders like a ton of bricks. The 18.6 percent rate not only starkly confirmed the social cost of the economic model but also laid bare the major lack of foresight in certain areas of the government.

This frame of reference will be used to issue an immediate call for a meeting of the Production Council among employers and labor leaders. Also beginning on Monday will be the dialogue in the Employment Council at the request of the CGT, which would like to remove itself from Domingo Cavallo's sphere of influence in the negotiations.

It will probably not be Carlos Menem's only gesture, worried as he is by his ministers' inability to respond to growing unemployment. The Casa Rosada has appointed a "crisis social cabinet," consisting of Vice President Carlos Ruckauf, Minister Coordinator Eduardo Bauza, and Social Development Secretary Eduardo Amadeo.

Eduardo Bauza will thus open a series of direct negotiations with top businessmen. Today he will be with the influential group of "the eight," the country's oldest and most important business associations.

Domingo Cavallo extended some preliminary feelers in the business world. Early in the week he talked in private with the heads of Argentina's biggest construction firms. Led by Franco Macri, they called for changes in Central Bank (BCRA) policy to revive credit and launch the housing plan.

Leaders from agriculture, industry, commerce, and finances in the "Group of the Eight" will deliberate in private before receiving Bauza. It will be the minister coordinator who visits the UIA.

Daniel Funes del Rioja, the UIA's expert on labor issues, will bring an emergency proposal to the meeting. Among other things, it will emphasize the need to realign government spending and free up funds to help those most in need.

It will also include a string of long-standing employer demands, but the underlying message will be to cut wages to prevent further job losses.

There are doubts, however, about how to present the proposal. There were several consultations yesterday, and many advise against making the proposal public. "It

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is extremely harsh. But there has to be wage flexibility to halt unemployment. I am going to insist on it, even if it is unpleasant," Blanco Villegas himself said last night.

The employers also want to put forward a list of requirements for overcoming the recession.

They include:

—More protection for several sectors of industry that have been hurt by unfair foreign competition.

—A battery of measures to dispel uncertainty from the economy, among them intensifying and completing the reforms in the provinces.

—Government reform that will do away with bureaucratic spending. They want to shut down agencies and put the dream of creating 12 ministries on ice, allocating these funds for social welfare instead.

—Continued financial reform and changes in a structure that prevents banks from lending to revive the economy.

The Rural Association, the UIA, the Chamber of Commerce, the Stock Market, and the banking associations alike are calling for changes in the Central Bank leadership.

While not making an issue of names or posts, they do agree on one main charge: the inaction of the monetary authority.

This is why they are all hopeful that a political decision will be made about the Central Bank's leadership. They at least want a change in the board, to restrain the duo of Roque Fernandez and Pedro Pou.

The Casa Rosada stressed last night that the minister coordinator would bring details to his meeting today with the business establishment, and that Bauza might sound out some of the businessmen as potential candidates for the Central Bank board.

Several have been proposed by Roque Maccarone, such as Horacio Pericoli and Miguel Crotto. There is also talk of offering a seat to opposition members, such as economist Mario Vicens or Jose Luis Machinea himself. For the time being, the secretary of banks does not plan to leave his post and join the BCRA.

Those in the know about economics see Central Bank policy as crucial. Only a resumption of lending can revive production and create real jobs.

This is why the employers are making such loud demands, the pace of which picked up when they learned of several projects that the monetary authority is pushing. One is the intention of the Fernandez-Pou team to appoint CEMA [Macroeconomic Studies Center of Argentina] economist Javier Bolzico to a vacant seat on the BCRA board.

But their nerves were set on edge when another major Central Bank plan became known. It calls for another notch of tightening to bolster the capital and reserves of the banks, which would further restrict the already nonexistent credit in the Argentine economy.

There is a serious problem with this move, because it runs counter to the political decision to expand credit to combat unemployment.

The issue is simple: the employers estimate that it will eliminate $1.5 billion in financing for production.

Brazil

Poll Notes Popularity of President Cardoso

PY0308203395

[FBIS Editorial Report] Rio de Janeiro JORNAL DO BRASIL in Portuguese carries on page 3 of its 30 July issue an unattributed 1,000-word report on a poll on President Fernando Henrique Cardoso's popularity. For 35 percent of those polled, Cardoso is "an intelligent man," while "20 percent consider him a hardworking person." The report says that "the popularity of the Fernando Henrique Cardoso administration has again risen. The most recent Vox Populi/JORNAL DO BRASIL poll shows that 72 percent of Brazilians have a positive opinion of its performance (adding together the excellent, good, and better than average percentages). One month ago this index stood at 69 percent." The report notes that "the popularity of Cardoso has returned to the same level as in February."

The report adds that the poll revealed that "58 percent of Brazilians believe that the situation of the country improved with the Real Plan."

According to the report, Vox Populi polled 3,072 persons from all regions of the country, in 242 counties, except for the states of Roraima, Amapa, and Acre. The report says that "the poll was carried out between 21 and 24 July."

Article Analyzes Need To Control Economy

PY0308153695 Sao Paulo FOLHA DE SAO PAULO Section 1 in Portuguese 29 Jul 95 p 3

[Article by Roberto Macedo from the "Trends and Debates" column: "Convalescent Economy"]

[FBIS Translated Text] Asked if the government should continue to control the economy, I answer yes. Without control, the rhythm at which the economy had been growing could not be maintained because this growth

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contained imbalances which would lead to a crisis. I will mention two of those imbalances. First: inflation, which could continue to rise; and second, the trade balance deficit. To leave things the way they were would be like forcing a person with a fever and heart problems to do exercises. That person would have serious problems. In the case of the economy this problem could be an exchange crisis or increased inflation that would open up the path for the Real Plan 2.

I disagree, however, with several aspects of the current policy; beginning with the fiscal policy, which still inspires a great deal of distrust. The [former President Itamar] Franco administration lost a great opportunity to solve that problem. After [former President Fernando] Collor left, governmental revenues increased very much, but all resources were used to double the payroll and social security benefits to the tune of nearly 30 billion reals.

Unable to control its expenditures, the government is seeking to restrict private consumption by implementing credit-restricting policies. I know it is difficult, but until there is evidence that the government is cutting its own expenditures, there will be no consensus about this fiscal issue.

[Argentine Economy Minister Domingo] Cavallo knows how to do these things. I was recently visited by high-ranking Argentine officials. During our talks, they complained that their salaries had been reduced. I told them we had no vacant positions in our administration.

In addition to restricting private demand, the government is also making other mistakes, such as limiting the sale of cars and home appliances through the pool system on many installments, and have even forbidden the sale of home appliances through the pool system. But the government should allow pool-system sales in many installments without requiring special contributions [lances] or limiting the number of groups, because this would increase the possibilities for these groups to self-finance their purchases and move demand forward.

The government would thus prevent people from resorting to short- term financing, which in turn increases the demand for currently available resources and further contribute to increase interest rates. The government should offer other alternatives to lower-income people who pay the highest interest rates. These interest rates are not reflected in the price indexes, which are based on prices paid in cash. Their level seems of no interest to the government.

Interest rates are too high, and the exhaustingly repetitive reason for that is the absence of a consolidated fiscal adjustment, not to mention the recent need to bring money from abroad to finance the trade balance deficit.

To adjust the economy, I would rather see the government adopt a formula that combines fiscal contraction with a restriction of imports with long-term financing. Import tariffs should increase less but in a more general manner. The use of import quotas should be discouraged because they are an aberration, particularly when applied to raw materials, like those of the Manaus Free-Tax Zone. It would be like importing completed goods without the corresponding import quotas, and even without tariffs, as in the case of the Common Market of the South.

Our economic opening is exessive, our monetary policy is passive, and the ministries in the economic area are still uncoordinated — as shown in the fiscal reform debates. Society must be better informed about the need for reform. The agricultural area is being over used as an anchor to control prices. This area may take vengeance for this treatment next year.

Thus, I agree with a policy different from the current one, or the existing one providing its problems are resolved. If this is not done our economy may go into a long-lasting cooling off process or even into a recession. Neither of the two, however, would solve the imbalances. We must correct these imbalances because our economy is still ailing and calls for a long rest and a good treatment. To hastily declare our economy healthy can only worsen its state of health and prompt a much more disagreeable treatment.

Rio-Minas Gerais Fiber Optics Network Inaugurated

PY0308145995 Sao Paulo AGENCIA ESTADO in Portuguese 2329 GMT 1 Aug 95

[Report by Chico Otavio]

[FBIS Translated Text] Rio de Janeiro, 1 Aug (AE) — A phone call between Communications Minister Sergio Motta and Minas Gerais Governor Eduardo Azeredo (Brazilian Social Democracy Party) on 1 August inaugurated the second stretch of the national fiber optics network of Embratel [Brazilian Telecommunications Company]. It links Rio de Janeiro to Belo Horizonte. Embratel President Dilio Penedo said the new system will improve telephone traffic and the transmission of cable image between the two states. It has capacity for 540,000 simultaneous connections.

Motta joked: "This connection between Rio de Janeiro and Minas Gerais will increasingly leave Sao Paulo behind." The first stretch of the national fiber optics network has been in operation since September 1993

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and connects Rio de Janeiro to Sao Paulo. It has 429 km of fiber optics. The stretch dedicated today has 465 km and will have a transmission speed of 565 megabytes per second. It uses two 36-fiber cables with capacity for 15,360 telephone channels. It will transmit all the Rio de Janeiro-Belo Horizonte traffic, the Brasilia-Rio de Janeiro traffic, and part of the Fortaleza-Rio de Janeiro voice, data, text, and image transmission traffic.

Embratel will invest 900 million reals before next year to establish 150,000 channels on the national fiber optics network. The project contemplates connecting Brazil to an international network of 40 countries. The network will be connected to the Americas 1 submarine cable (which will connect Fortaleza to the United States), the Columbus 2 (which will connect Brazil to Europe and Asia), and the Unisur (which will interconnect the Common Market of the South countries).

Editorial Views Space Agreement With U.S.

PY0308191695 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Jul 95 p A3

[Editorial: "The Brazil-U.S. Space Agreement"]

[FBIS Translated Text] Brazil and the United States are ready to sign a space agreement of remarkable strategic importance. It reflects a new stage of understanding in a process of growing confidence on matters of mutual cooperation between the two nations. The new agreement should be considered from the political and scientific viewpoints by all those who know that it is necessary to further strengthen the Brazilian international role. The agreement should also be considered from the viewpoint of the new Brazilian objectives and of the possibility for obtaining support for Brazil's efforts to win a seat at the United Nations Security Council, next to the United States itself.

Let us first view the scientific area. The agreement between NASA and the Brazilian Space Agency (AEB) provides for comprehensive scientific cooperation between the two agencies in earth and atmospheric sciences, astrophysics, space physics, planetary science, life science, and micro-gravity science. Among the projects of common interest for the Brazilian and U.S. scientific communities are satellite observations and measurements, ground station observations, airplane measurements, research with the NASA space shuttle, and general space research. Proof of the favorable precedent for the current negotiations is the fact that NASA used the Alcantara base, in Maranhao, to launch rockets. Furthermore, NASA and AEB signed an agreement to conduct the Scar scientific experiment, which aims at observing the spray produced by the combustion of biomass and sulphate, and the effects of sprays on climate, at a time in which the environment has crucial importance.

From a political viewpoint, the agreement should be regarded on the basis of the emphasis expressed by U.S. Ambassador to Brazil Melvin Levitsky, who said that relations between the two countries "have never been as good as they are now," mainly because of the "empathy" between Presidents Fernando Henrique Cardoso and Bill Clinton.

From the viewpoint of Washington, Brazil must now join the Missile Technology Control Regime (MTCR). The United States has exerted pressure in this regard. Some time ago, however, the Brazilian Government declared that it would adopt MCTR guidelines. The U.S. Government accepted Brazil's word.

The responsibility now rests with Congress, because a unilateral decision by Fernando Henrique Cardoso's government is not enough for Brazil to join the MTCR. A law must be approved to regulate the sale and exportation of military material. The executive branch has submitted a bill to this effect. The possibility of Brazil becoming a full MTCR member, expediting cooperation in the area of missiles and starting the conquest of space, depends on the speed of the lawmakers.

Chile

Interior Minister Views Isolation of Terrorism

PY0308123695 Santiago EL MERCURIO in Spanish 2 Aug 95 p C2

[Article by special correspondent Sebastian Campana]

[FBIS Translated Text] Buenos Aires — Chilean Interior Minister Carlos Figueroa has said the political consensus achieved in Chile and the generalized conviction on the need for dialogue as the basis for national coexistence have invalidated the vindication sought by terrorist groups and allowed their absolute social isolation at the national level.

Interior Minister Carlos Figueroa thus commented on the main factors that halted terrorist violence in Chile. He spoke during the opening session of the "Consultations on Cooperation to Prevent and Eradicate International Terrorism." This conference is being held in Buenos Aires with the participation of cabinet members from Argentina, Brazil, Paraguay, Uruguay, Canada and the United States.

Cooperation against terrorism was a commitment made by those attending the recent Hemispheric Summit in Miami. This move will conclude with the drafting of suggestions for the agenda of the OAS regional conference.

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The conference on terrorism is relevant in view of recent attacks in France and Japan and the earlier bomb attack at the New York World Trade Center. A few weeks ago the U.S. Department of State warned of possible new terrorist attacks in the Americas.

This conference is important for the Argentine Government, which has been severely criticized in the Argentine press over lack of results in the investigations against the terrorist attacks on the Israeli embassy and the Argentine-Israeli Mutual Association (AMIA) which resulted in the deaths of over 100 persons.

Meeting with visiting delegations, Argentine Interior Minister Corach stressed the need to establish extradition treaties and compatible penal legislation to allow more effective legal proceedings. He also mentioned the importance of exchanging information and of safeguarding high risk targets in view of the terrorist threat.

Commenting on the terrorist attacks in Argentina, Corach urged those attending the conference "to act expeditiously and effectively to prevent attacks. We offer our experience and our suffering to help the international struggle on terrorism."

Terrorist groups have virtually disappeared or become extinct today in Latin America but, as Figueroa and the Uruguayan interior minister admitted yesterday, the controversy over establishing a clear definition between terrorist crimes, the armed struggle, and guerrillas still exists.

Democracies have been established in those countries where subversive groups like the Tupamaros in Uruguay; the Montoneros and the People's Revolutionary Army in Argentina; and the MIR [Movement of the Revolutionary Left] and the FMR [Manuel Rodriguez Patriotic Front] in Chile were active mainly in the 1970's and mid 1980's. Some have even tried to obtain legal representation.

Although there have been no incidents of international terrorism in Chile, Figueroa expressed his view on how terrorist activity evolved in Chile in recent years.

Figueroa was accompanied by Public Security Director Angel Flisfisch [title as published]; and Luis Toro, director of the Public Security Secretariat Legal Department.

In his speech, Figueroa stated that in the last five years terrorist actions in Chile have decreased by more than half. He said: "During 1990 there were 602 terrorist incidents; in 1991 there were 670; in the first four months of 1995 there were only 80."

Colombia

Colombia, Venezuela Install Binational Political Commission

PA0408031595 Mexico City NOTIMEX in Spanish 020217 GMT 2 Aug 95

[FBIS Translated Text] Santa Fe de Bogota, 1 Aug (NOTIMEX) — Sources from the Colombian Foreign Ministry have announced that Colombia and Venezuela today installed a binational commission for political consultation [comision binacional de consulta politica], which will thoroughly examine the problems generating instability along the border.

The sources have said that Colombia's deputy foreign minister, Diego Cardona, and Venezuela's deputy foreign minister, Roy Chaderton, participated in the first meeting of this agency, which was created at a presidential summit in October 1994 in Caracas.

Cardona said the meeting was fundamental to evaluate the pledges made by both South American nations in Caracas during the meeting between Venezuelan President Rafael Caldera and Colombian President Ernesto Samper.

The agenda included border security issues in view of incursions by Colombian guerrillas into the neighboring country. Those incursions have caused several deaths, particularly among official agencies.

Colombia pledged to establish military and police checkpoints along the border in equal proportion to Venezuela's checkpoints in order to increase surveillance and to prevent guerrilla actions.

Both South American countries attempted to restrain the entrance of stolen vehicles from Venezuela, which are later sold in the Colombian black market. This scourge has become a serious element of tension in their bilateral relations.

The Colombian representative asked for sanctions against those owners who report their vehicles as stolen and sell them at ridiculous prices with the intention of collecting substantial insurance policies from Venezuelan businesses.

The Samper administration created a joint commando unit formed by the Army, the police, and the Armed Forces, which is located in Puerto Carreno, a city near the border. The commando unit's area of influence will cover vast jungle zones that separate both nations.

Cardona and Chaderton reviewed issues on President Caldera's agenda for his coming visit to Santa Fe de Bogota in September, which will center on economic exchange issues.

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The presidents of both countries will examine the development of the free trade plan of the Group of Three (G-3), of which both nations are members along with Mexico, and the prospects for a free trade zone in the Americas that is expected to come into effect in 2005.

Prosecutor General: Botero Not Yet Under Investigation

PA0308191195 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 3 Aug 95

[From the "Colombia 12:30" newscast]

[FBIS Translated Text] [Announcer] Moments ago Edgar Sanchez, our correspondent in Bucaramanga, talked to Prosecutor General Alfonso Valdivieso. The prosecutor general referred to the current situation of former Defense Minister Fernando Botero Zea.

[Begin recording] [Sanchez] Could former Minister Botero also be summoned for questioning at the Prosecutor General's Office?

[Valdivieso] At this time, his situation at the Prosecutor's Office is as follows: There are elements that should be assessed to determine whether an investigation should be started. That is the exact situation he is facing. Thus, he is currently not being investigated; there could be one, but that will depend on an assessment that I have not yet received. I will proceed accordingly. [end recording]

[Announcer] The prosecutor general also explained why an investigation of Ernesto Amezquita, Santiago Medina's former lawyer, was opened:

[Begin Valdivieso recording] I understand that was brought about by a petition filed by the Prosecutors' Commission that refers to, as far as I know, a development during the proceedings, during the investigation, and they considered that it was advisable to transfer the case to the (?Superior Judiciary Council) for discussion in light of the procedures that are being followed to establish the behavior... [pauses] the proper behavior of lawyers. [end recording]

Prosecutor on Grounds to Summon Former Minister Botero

PA0408024895 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 4 Aug 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] On 3 August, Prosecutor General Alfonso Valdivieso was in Bucaramanga, where reporters questioned him. Valdivieso was quite prudent even though he addressed the issues that sparked the current crisis.

[Begin recording] [Unidentified reporter] Regarding the case of former Minister Fernando Botero, are there enough reasons to summon him for questioning?

[Valdivieso] No, at this time, we have not reached a situation in which we could make a decision regarding the questioning. I must say that the procedures are being carried out to establish if there are merits to open an investigation. In principle, I understand that there could be a preliminary investigation. However, those prosecutors who are aware of the case will make this decision.

[Reporter] Is there a confrontation between the two government branches?

[Valdivieso] I have never felt a confrontation at the Prosecutor General's Office. It was more result of reports that emerged as the result of disinformation the government received, misinterpretations, and, especially, a confrontation that was blown out of proportion by the number of events surrounding a regrettable loss or theft of a copy of a deposition...

[Reporter, interrupting] By the way, Prosecutor General, what about the investigation on this loss?

[Valdivieso] I do not know how the investigation is coming along; I know it is being conducted. We want to remain clear, and we hope to remain clear on this investigation, because this circumstance is worrying us. As I said, I cannot anticipate where it happened. However, I think that the loss could have happened at the Prosecutor General's Office itself, which is quite serious, although there are other people and officials participating in these investigations. [end recording]

Ecuador

Foreign Minister, Peruvian Counterpart Exchange Notes

PA0308194895 Mexico City NOTIMEX in Spanish 1816 GMT 31 Jul 95

[FBIS Translated Text] Quito, 31 Jul (NOTIMEX) — The Ecuadoran Foreign Ministry has reported that Galo Leoro Franco and Francisco Tudela, Ecuadoran and Peruvian foreign ministers respectively, have exchanged congratulatory messages.

"I would like to express my disposition to continue working toward the common objective of renewing a sound relationship of friendship, neighborliness, and cooperation consonant with our peoples's desire," Leoro said to Tudela.

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The message was sent on 28 July when Tudela was appointed new foreign minister in President Alberto Fujimori's second administration.

In response, Tudela stressed his willingness to work toward strengthening the friendship and neighborliness between both countries, "which have indestructible geographic and cultural ties, and the mutual desire for peace and development."

This is the first exchange of notes of this nature between the Ecuadoran and Peruvian foreign ministers after the February armed conflict between both countries broke out at the undelimited border zone.

The exchange of notes took place after the demilitarization agreement was reached on 25 July and before Fujimori announced he will attend the Rio Group's presidential summit in Quito scheduled for September.

Progress in Economic Modernization Evaluated

95SM0445A Quito EL COMERCIO in Spanish
5 Jul 95 p A2

[FBIS Translated Text]*Amidst controversy, economic reform has made some progress in Ecuador. The biggest disputes have been political in nature and have been related to the level of coordination between the Executive and Congress. Some say the government has not been clear enough in defining its plan; for others, Congress has intentionally obstructed the process. The government has concentrated its modernization efforts on issues related to privatization. And that is where it has run into the greatest opposition.*

Have the government's modernization goals been met? According to different political sectors, both progovernment and in the opposition, this process has failed. After three years in office, Sixto Duran Ballen's administration can now be assessed and some conclusions proposed, without fear of speaking too prematurely.

A number of cases can be considered as examples: Ecuatoriana de Aviacion, the attempted privatization of Emetel [State Telecommunications Enterprise], Social Security, the constitutional reforms concerning strategic sectors of the economy. In all these processes, privatization has been a factor, and the government has emphasized the strengths of its modernization plan. Perhaps for that very reason these have been very controversial issues which have remained in the news during the last few years, and no final decision has yet been reached, one way or another.

According to the government, the cause lies in the lack of political maturity of the opposition in Congress. On one side are the left and the center with an "immobilizing" attitude, and on the other is the right, which has "obstructed" the Executive's modernization attempts.

But according to the opposition, the modernization plan's main problem has been the government's lack of clarity. According to Andres Vallejo of ID [Democratic Left], everthing starts with the "government's confusion of modernization and privatization. All of society needs to be modernized, not just the state. The private sector needs to be stimulated and efficiency needs to be pursued in the public sector."

Social Christian Xavier Neira agrees with this assessment, but goes a little further in his criticism. "The government's lack of clarity about modernization caused the concept to be prostituted and people have gotten the wrong idea, and have even come to oppose modernization."

There does seem to be consensus on this point. Even Juan Castanier, a government party (PCE [Conservative Party of Ecuador]) deputy, thinks there has been a lack of clarity in the government's approach. "They failed to inform civil society, so the opposition has won some important battles."

Still, despite this flaw in the modernization process, at this time a substantial number of modernization laws have been passed—sometimes through a working relationship, and at other times in a spirit of confrontation between the two branches of government.

According to Vallejo, since 1992 the Social Christian majority has cooperated in working on these laws and with the changes the Executive has imposed. "The government cannot complain that there has been obstructionism."

Neira seems to agree with this observation, saying that "as never before in the history of our republic, Congress has made it possible to bring about extremely important changes with the laws it has passed."

The problem, says Neira, is that the government and CONAM [National Council for Modernization] "are not acting in compliance with the powers which the law allows them." So there has been opposition to the telecommunications law and to the privatization process for Ecuatoriana de Aviacion.

Excessive dogmatism in promoting privatization is, according to the opposition, what has led the government to circumvent legal provisions.

"The process has been surrounded by secrecy and doubts. There is a strategy," says Vallejo, "of boycotting state companies like Ecuatoriana, Emetel, or Inecel [Ecuadoran Electrification Institute] in order to justify their sale."

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"The modernization process," says Castanier, "like every change, will always be controversial. The nation has to move ahead in the midst of these conflicts."

Congress

Urgent [Fast Track] Approach

This has been the means most used by the Executive to force Congress to deal with modernization laws. It used this approach to present all its legislation.

Left Undone

Only one law of those sent to Congress as urgent was not dealt with by Congress and was handled through the regular operation of the law: the organic customs law.

Laws Rejected

Of the bills introduced in Congress, two were rejected. They both deal with telecommunications.

The PSC

The PSC [Social Christian Party] contribution has been significant. It introduced three bills, acting on its own initiative. The decentralization bill was totally vetoed by the government. The other two were partialy vetoed.

Modernization Laws

Name	Procedure Used	Introduced in Congress	Publication in Official Register
Public Sector Budget Law	Executive, urgent economic	12 Nov 92	30 Dec 92
State Modernization Law	Executive, urgent economic	18 Feb 93	31 Dec 93
Stock Market Law	Executive, urgent economic	22 Apr 93	28 May 93
Hydrocarbons Law Reform Bill (revised several times)	Executive, urgent economic	9 Nov 93	29 Nov 93
Taxation Law Reform Bill	Executive, urgent economic	15 Dec 93	31 Dec 93
Organic Customs Law	Executive, urgent economic; urgent, was not handled by Congress; handled through regular operation of the law	18 Dec 93	31 Dec 95
Financial Institutions Law	Executive, urgent economic	19 Apr 94	12 May 94
Electricity Sector Bill	Executive, to date, reading by Congress	17 Jun 94	7 Dec 94; 8 Jan 95
Telecommunications Law Reform Bill	Executive, urgent economic, totally rejected by Congress	7 Jul 94	19 Apr 95
Agrarian Development Law Reform Bill	Executive, urgent economic	19 Jul 94	15 Aug 94
Telecommunications Demonopolization, Decentralization, and Modernization Bill	Executive, urgent economic; rejected by plenary session of Congress	25 Jul 94	
Decentralization Bill	PSC, vetoed totally	7 Dec 94	
Solidarity Fund Creation Bill	Presented by PSC, partial veto, veto override	8 Mar 95	24 Mar 95
State Modernization Law Reform Bill	Presented by PSC, partial veto, veto override	19 Apr 95	11 May 95

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Paraguay

Uruguayan Ministers Arrive for Mercosur Meeting

PY0308190595 Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish 1610 GMT 3 Aug 95

[FBIS Translated Excerpt] Uruguayan Foreign Minister Alvaro Ramos Trigo has just arrived at Pettirossi International Airport. He is the first foreign minister to arrive for the Common Market of the South [Mercosur] summit. He is accompanied by Finance Minister Luis Mosca. We will try to speak with him.

[Begin recording] [Carlos Troche] Good afternoon, Mr. Ramos. It seems you will have a very busy agenda in Asuncion.

[Ramos] Yes, we intend to meet with members of our delegation as well as with representatives of Argentina, Brazil, and Paraguay this afternoon so as to continue making progress in the discussion of the subjects slated for this meeting of the Mercosur Council of Ministers.

[Troche] Will Uruguay, as a small partner, request special treatment?

[Ramos] Well, I think the two small Mercosur partners must be somehow considered as such. Mercosur entails the formation of a partnership among four countries that are on an equal footing in decisionmaking, in adopting measures, and in liberalizing trade among them. During the debate of the Treaty of Asuncion [which established Mercosur] and later during the transition stage prior to the Ouro Preto Protocol, the signatories acknowledged the differences of the small economies — of Paraguay and Uruguay — within the Mercosur. These differences were taken into account by establishing a list of exceptions during the transition stage which led to agreement on the Common External Tariff and the free movement of goods and products that are not on the list of exceptions. We believe Mercosur should now engage in soul-searching, deepen its institutions and its partnership, which is what the four member countries have in mind by furthering this customs union among Mercosur member countries. This customs unions must somehow reflect — to gain the credibility of economic agents and social actors in the four countries — that we are convinced that there is no going back in this process, and that free trade between the four partners is being consolidated. Only then can we look at the rest of the world, sister nations in Latin America, and other trade blocs.

[Troche] Is it advisable for Paraguay and Uruguay to establish a front to confront Argentina and Brazil?

[Ramos] I do not think that within the Mercosur one should talk about establishing a front between two countries. The four members must take up the same challenge; the establishment of a customs union, which is very demanding for us. In my view, Mercosur institutions are designed in such a way that they will enable us to work out solutions at the negotiating table to those subjects that need clarification.

[Troche] Thank you, very much. [passage omitted]

Defense Minister on Williamsburg, Military Wage Hike

PY0308183195 Asuncion ABC COLOR in Spanish 2 Aug 95 p 4

[FBIS Translated Text] Paraguayan Defense Minister Hugo Estigarribia Elizeche stated at Government House on 1 August that the Armed Forces should not get involved in drug enforcement except if the Police are overwhelmed. He said the military "as custodians of the National Constitution and the law" must acknowledge the supremacy of the civilian power. He stressed that the Armed Forces must make do with their budget and work on reducing and streamlining their personnel.

The defense minister briefed President Juan Carlos Wasmosy on the conclusions of the recent meeting of defense ministers of the Americas in Williamsburg. He said the military must play a key role in the preservation of democracy.

He emphasized that the defense ministers agreed that cadres must be reduced and streamlined, adding that universally the "budgets of the Armed Forces are low. They must make do with what they get to keep up to date and perform their mission as custodians of their nations' sovereignty."

Asked about the obstacles that certain military demands have been meeting in Congress — namely the salary hike and the creation of the rank of a four-star general — Minister Estigarribia said: "This is counterproductive. Holding the entire Armed Forces accountable for an incidental issue like the 'parade-ground' is neither objective nor rational. We hope an agreement will be reached to discuss the main issues objectively without using incidental matters to spike the wheels."

Deputies Freeze Discussion on Military Salaries

PY0308164395 Asuncion NOTICIAS in Spanish 29 Jul 95 pp 6-7

[FBIS Translated Text] The main opposition blocs in the Chamber of Deputies have agreed to freeze the salary hike for Armed Forces personnel for at least three weeks as a sign of protest over the construction of the "parade ground" and some other "brainstorms" of [Army Commander] General Lino Cesar Oviedo.

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The blocs of the National Encounter Party [PEN] and the Authentic Radical Liberal Party [PLRA] are firmly committed to not approving the salary hike for military and police personnel until Paraguayan President Juan Carlos Wasmosy agrees to resume dialogue on the military issue.

The opposition wants the chief executive to change his approach and to promise to effectively institutionalize the Armed Forces once and for all without delay.

PEN Deputy Luis Alberto Mauro said they will ask Wasmosy to assure them there will be no more acts such as the construction and inauguration of the "parade ground."

"The military must cease to violate the Constitution. We cannot award people who do not respect it. It is unfortunate that many military men who do not share Lino Oviedo's attitude must pay for his outbursts," Mauro said.

The PEN and the PLRA blocs have the backing of their respective parties. The issue was raised at the PEN coordinating board. Top PEN leader Guillermo Caballero Vargas supports the bloc's position.

The PLRA bloc in the Chamber of Deputies has the full support of the party's main leaders.

Seifart Launches Bid for Colorado Party Presidency

PY0308205195 Asuncion NOTICIAS in Spanish 29 Jul 95 pp 14-15

[FBIS Translated Text] Paraguayan Vice President Angel Roberto Seifart last night said that his political campaign to become president of the Colorado Party Executive Board is a stepping stone toward the presidential elections in 1998. Seifart officially launched his bid for the Colorado Party presidency in San Lorenzo on 28 July. He explained that the ruling party has already set into motion an operation to remain in office, and stressed that only the Colorado Party can save the transition.

Speaking to a crowd of supporters from all over the country at the Marcelina Insfran Square in San Lorenzo, Seifart said that his political project is to keep the Colorado Party in office following the 1998 elections.

"You should all know that the operation to unite the Colorado Party has been set into motion. This operations seeks first to strengthen support for President Wasmosy's administration, second to win the presidency of the Colorado Party Executive Board, and then to move through the various stages necessary to shore up a democratic power structure that will keep the Colorado Party in office," Seifart said.

The vice president reiterated the old argument that "only the Colorado Party" has the means to save the transition. "It is important for the nation to keep the Colorado Party in office, because that is the only way to guarantee the political stability of this process of democratic institutionalization," Seifart stressed.

Ramon E. Reverchon, an activist in the Stroessnerist militant faction of the Colorado Party, Senator Juan Carlos Galaverna, Interior Minister Carlos Podesta, and others also addressed the meeting. President Juan Carlos Wasmosy gave an impromptu speech urging Colorado Party members to abide by the results of the elections.

Ministers, high-ranking officials of state corporations, lawmakers, and current leaders of the Colorado Party Executive Board also attended the rally.

According to the organizers there were over 50,000 Colorado Party supporters at the rally, although some unofficial reports indicated that no more than 25,000 people were present. The need for unity to tackle upcoming municipal and national elections was the keynote of all the speeches.

Committee To Investigate Gen Rodriguez' Finances

PY0308142295 Asuncion ABC COLOR in Spanish 29 Jul 95 p 8

[FBIS Translated Excerpt] The CBI [Congressional Investigating Committee] plenum yesterday decided to investigate General Andres Rodriguez Pedotti, retired, who became president of the Republic following the coup he headed on 2 and 3 February 1989 and who is now senator for life, as established in Article 189 of the Constitution.

Interest in investigating the former candidate of the ruling Colorado Party for the 1989-1993 period emerged from the discussion of the censorship imposed by Criminal Judge Carlos Monges Lopez on Radio Nanduti to suspend a radio program during which the former owners of ranch "Primavera" were scheduled to air their version of the transfer of the ranch to Rodriguez.

The former owners state that Gen. Rodriguez obtained the ranch by illegal means. The ranch then became part of his immense fortune.

A subcommittee formed expressly for the purpose will gather information and data on Gen. Rodriguez's past. Rodriguez already survived two CBI investigations after leaving the government: One was on the much-talked about "Parque Cue" case and another involved the assassination of former drug enforcement chief Retired Brigade General Ramon Rosa Rodriguez Maldonado. [passage omitted]

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Opposition Senator Elba Recalde recalled that the fortune of the former president has always been questioned and that it is now appropriate to investigate the subject.

The proposal to investigate was supported by all legislators, including Carlos Romero Pereira of the Colorado Party, the only Colorado legislator present because his colleagues Miguel Angel Gonzalez Casabianca and Deputy Ismael Echague Insfran were absent.

Administration, Opposition Agree To Fight Economic Crisis

PY0308204995 Asuncion ABC COLOR in Spanish 1 Aug 95 p 8

[FBIS Translated Text] Top leaders of Paraguayan opposition parties, representatives of the national executive branch, and leaders of the ruling Colorado Party met with President Juan Carlos Wasmosy on 31 July for over three hours, and agreed to jointly tackle the nation's economic and financial crisis.

A multi-sector technical commission was created to study the nation's economic situation and come up with proposals for a solution within 48 hours. These proposals will be submitted to Congress.

This political agreement was reached by Colorado Party President Eugenio Sanabria Cantero; Juan Manuel Benitez Florentin, president of the Authentic Radical Liberal Party [PLRA]; Diego Abente, president of the National Encounter Party [PEN]; Victor Sanchez, president of the Febrerista Revolutionary Party [PRF]; Miguel Angel Montaner, president of the Christian Democratic Party [PDC]; and President Juan Carlos Wasmosy.

The PRF representative, as the spokesperson for the meeting, reported that experts from the political parties will propose solutions to the national executive branch and to Congress.

He explained that the political agreement that the participants had reached clearly reflects the willingness of political parties to take upon themselves the responsibility of jointly seeking solutions to the economic problem. Sanchez Villagra emphasized: "The technical commission must propose a solution to the administration and to Congress within 48 hours."

He explained that President Wasmosy agreed to assemble a multi- sector technical commission to look for solutions to the problems, and to make it clear that all Paraguayans must help find solutions to them. This technical commission will be made up of the administration's experts, Fernando Vera for the PRF, Lorenzo Mendieta for the PLRA, Juan Andres Gill for the PDC, and Diego Abente and Alejandro Gonzalez for the PEN.

Sanchez commented that by bringing all opposition parties into the quest for solutions to the economic problem, the administration was being responsible and courageous.

The PRF politician also emphasized that the situation is not all bad, because Paraguay's economic reserves stand at $1.3 billion and this money "has not been touched."

He explained that the status of factories facing economic problems has been examined, and a feasible solution will be found.

The priority goals of the multi-sector technical commission will be: to speed up the circulation of currency in order to restore trust and reactivate the financial system; to stimulate production and employment; and to provide economic and financial assistance to productive companies facing cash flow problems.

The politicians who attended the meeting emphasized that Congress will play a key role in resolving the problem, as it is the branch of political power that will have to approve the technical proposals. They explained that the congressmen have not promised to accept the proposals at face value, but emphasized that the political agreement that has been reached will expedite the debate on these proposals.

Peru

Fujimori Not To Meet Ecuadoran Counterpart

PY0308184795 Lima Radio Programas del Peru Network in Spanish 1700 GMT 3 Aug 95

[FBIS Translated Text] Peruvian Foreign Minister Francisco Tudela has confirmed that Peruvian President Alberto Fujimori will participate in the Rio Group summit in Quito, Ecuador, but that he will not hold a previous meeting with his Ecuadoran counterpart Sixto Duran-Ballen.

He said that the Peruvian Government did not accept the cordial invitation of Venezuelan President Rafael Caldera for a meeting between Duran-Ballen and Fujimori.

Tudela said this after attending a pilgrimage to the monument of Jose Faustino Sanchez Carrion, on the occasion of Diplomats Day.

Peruvian Ambassador Bolivar Ulloa said there is nothing to stop President Fujimori going to Ecuador to attend the Rio Group summit in September.

The ambassador told Foreign Minister Francisco Tudela to be consistent with his tradition and to follow the example of his grandfather and fulfill his mission in Peruvian foreign policy.

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Paraguay's Wasmosy, Fujimori Discuss Integration

PY0308173295 Asuncion ULTIMA HORA in Spanish 28 Jul 95 p 10

[Report by unidentified special correspondent from Lima, Peru]

[FBIS Translated Text] Paraguayan President Juan Carlos Wasmosy and his Peruvian counterpart Alberto Fujimori held a private meeting at Government House in Lima on 27 July. They promised to uphold democracy "as the valid tool" to fight poverty in Paraguay and Peru, and reaffirmed their political will to conclude the highway linking the Pacific and the Atlantic Oceans by 2000.

The two presidents chose to meet in private for 15 minutes in President Fujimori's office. They also focused on Peru's interest in joining the Common Market of the South [Mercosur], the waterway project, and the need to stimulate bilateral trade.

Fujimori did not talk to the press about the meeting but Wasmosy explained that the two administrations see democracy and integration as the best way to fight poverty at all levels. Such remarks coming from the Paraguayan president — whose people are working to strengthen democracy, just as Peruvians are — imply strong support for civilian governments and for political power, and a firm rejection of any attempts to return to the past.

Paraguayan journalists covering President Fujimori's inauguration had the opportunity to visit Casa de Pizarro [Government House], a magnificent building in downtown Lima.

Wasmosy began by saying: "We talked about regional integration as we always do." He added: "We focused on the Andean Pact and the Mercosur. President Fujimori is a staunch admirer of integration projects and we both see in them a key tool to fight poverty in our countries."

Wasmosy is one of the nine presidents attending Fujimori's presidential inauguration in Congress on 28 July. The ceremonies will end on 29 July with the traditional military parade. The Paraguayan president spent all morning attending the inauguration ceremonies of his Peruvian counterpart.

Wasmosy arrived in Lima at 1400, leading a small entourage which included Foreign Minister Luis Maria Ramirez Boettner and the ubiquitous Deputy Conrado Pappalardo, who lately does not seem to miss any of the president's trips abroad. At the time we went to press Paraguay's official delegation was preparing to board the plane for home. The estimated time of arrival in Asuncion is 1900 local Paraguayan time on 28 July.

Recent Government Decisions Deemed 'Authoritarian'

95SM0438B Lima CARETAS in Spanish 18 May 95

[Article by Fernando Rospigliosi: "Beyond the Year 2000"; received via Internet]

[FBIS Translated Text] Profiting from the electoral victory on 9 April, the government did not lose a minute before trying to consolidate an authoritarian regime. So many things have happened that they cannot be regarded as the isolated actions of certain individuals or institutions.

—The amendment of the Electoral Law approved last week by the CCD [Democratic Constituent Congress] was designed to eliminate political competition or reduce it to a minimum. The requirement that four percent of the electoral roster—500,000 signatures—be submitted for registration is a unique development in Latin America.

No effort is being made, of course, to consolidate large, strong parties. Change 90-New Majority (C90-NM) is not even a party, but rather a label used by Alberto Fujimori in order to present a slate for electoral campaigns.

The way in which this law was approved by the CCD, practically without debate, in a stumbling procedure, and with the last-minute addition of articles not included in the draft, bears the ineradicable stamp of governmental manipulation.

Martha Chavez, who submitted and argued for the proposal, did honor to her description of herself in a recent interview granted to Vidal Silva in LA REPUBLICA—Alberto Fujimori's subordinate.

—The retreat of the majority, which first approved and then rejected the Law on the Defense of the People, was another move in the same direction. No one could believe that every one of the government party deputies—there was but a single exception—suddenly changed their minds about this law in the course of a few days.

A tug on the ear, which probably came from the military leadership, caused the obedient government party bench to reverse its direction.

—The sentence imposed on General Walter Ledesma and the arrest of General Carlos Mauricio confirmed the indications that the regime is continuing to try to silence the retired military and to warn those on active duty that it is not prepared to tolerate criticism or dissidence.

The concatenation of these events within a short period of time makes the intention of the government so

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obvious that even EXPRESO, the progovernment daily newspaper, was alarmed. In an editorial carried last Sunday, it described the attitude of the government in connection with the events mentioned above as abusive and arbitrary. But there is more.

—In the initial document pertaining to the investigation of General Ledesma, one of the government attorneys asserted in passing that CARETAS is a periodical in the service of a foreign nation. (See commentary in this issue.) This is not only an insult, but a concrete threat to freedom of expression.

From that to accusing CARETAS or some of its journalists of espionage or treason against the fatherland is only one step.

—Within this context, moreover, some proposals have been put forward like that drafted by General Gaston Ibanez (Ret), who maintains that it is necessary to avoid "the inclusion"—in the Defense Commission of the CCD—of those who adopted anti-Peruvian positions in the recent conflict with Ecuador. (EXPRESO 13 May 95)

Although Ibanez is one of the majority of those who were not elected on the C90-NM slate of congressional candidates, his placement in a prominent position on the electoral ballot would indicate that he is a representative of the government faction.

Ibanez does not specify who the anti-Peruvian congressmen are. Is he perhaps thinking of his party colleague Carlos Torres y Torres Lara, who surrendered territory to Ecuador with the Gentleman's Agreement in 1994? Or are the anti-Peruvians, perhaps, those who believed the theory put forth by General Ibanez to the effect that armed conflicts in Latin America were "almost impossible," thus weakening the capacity to resist aggression?

That might be, although I fear that Ibanez regards as anti-Peruvian all those who fail to exalt the warrior virtues of the "Peruvian Patton" and his faithful ally, the "triumphant general." In reality, the opinions of this frustrated congressional candidate would not be very important if it were not for atmosphere of persecution that has developed in the country since 9 April, in which a tendency to silence the opposition is revealed. To regard as "anti-Peruvian" or in the service of a foreign power anyone who is not taking communion with the government is to copy one of the oldest pretexts used by all dictatorships. It was utilized, of course, by the military government in the decade of the 1970s, when Ibanez served as a minister. In short, bolstered by the electoral victory, the top government leadership is using intimidation and seeking to eliminate any possibility of resistance to the authoritarian plans in the medium time range. These leaders do not believe that the opposition is a danger at present, now that the defeat at the polls has reduced its size. However, it could indeed become a threat in the future when these leaders reveal their intention to continue in government beyond—far beyond—the year 2000.

Redistricting of Lima Discussed

95SM0438A (Internet) Peru DESCO Gopher in Spanish 20 Jul 95

[From Resumen Semanal 13-18 Jul]

[FBIS Translated Text]

Four Metropolitan Provinces?

Congressman Juan Cruzado Mantilla (NM-C90 [New Majority-Change 90], the vice president of the Commission on Decentralization, Local Governments, and Social Development, has said that spreading out serves no good purpose, and that in the case of Lima, special treatment is needed. There is a need to regroup. "What I propose is the creation of four provinces based on the north, center, east, and south sectors. Each of these sectors would become a province. Lima would be divided into four metropolitan provinces, and in this way their development policies could be better coordinated. Each province, in turn, would incorporate the surrounding districts, and thus consolidation would be achieved." (EL COMERCIO 15 Jul 95)

A Municipal Superintendency?

On 13 July, Alberto Andrade Carmona, the municipal candidate for "We Are Lima," said he rejects the proposed creation of a municipal superintendency because it would be unconstitutional and it would mean moving away from municipal autonomy. Also, he said he opposes the expressed desire to centralize the government of about 43 districts in no more than 8 administrative areas. He said that the municipal governments have political, economic, and administrative autonomy, and that this is endorsed by and guaranteed in the Constitution. (GESTION 14 Jul 95)

District Mergers?

The economist Francisco Sagasti has said that "one of the clearest and most important expressions of our democracy has been the active participation of the citizens in municipal elections. This closeness between the citizenry and its representatives is something we must defend with zeal, because any possible merger of districts would introduce a factor of distortion into our incipient democracy." Sagasti expressed the view that the issue in question should be the subject of an

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exhaustive public debate, "and in no way should it be allowed to become one of the laws concocted in the Congress without due warning." "This is a matter that affects not only Lima and the 35 percent of the nation's population concentrated here. It also, by its implications, affects all of us Peruvians who live in urban zones—or, in other words, 75 percent of the inhabitants of Peru," he emphasized. (EL COMERCIO 15 Jul 95)

Where Did This Idea Come From?'

During an interview conducted on the program Panorama, Jaime Yoshiyama, the president of the Congress, categorically dismissed any possibility that the 43 district councils in Lima will be eliminated and replaced with 7 administrative areas. "This would be madness, because the essence of democracy lies precisely in the residents' ability to elect their district mayors," this legislative official commented. "It is the residents who understand the problems of their communities, and as a result, the ways in which they can be resolved," he said. "I do not know from whom or where they got this idea, but it would be entirely counterproductive," he added, after explaining that this does not prevent coordination among the districts to deal with problems such as sanitation, transportation, and security. He said that he will announce in September whether or not he will be a candidate for the office of mayor of Lima. "For the time being, I have not made a final decision," he stated. (Most dailies 17 Jul 95)

Adex: $3 Million in Aid for Small Businesses

95SM0438C (Internet) Peru DESCO Gopher in Spanish 20 Jul 95

[From Resumen Semanal 13-18 Jul]

[FBIS Translated Text] The Exporters' Association (Adex) has announced that it has been provided with $3 million for placement, through the bodies in the financial system, among some 10,000 small and microproducers pursuing activities in the agricultural sector, light industry (clothing and footwear), and the traditional crafts sector. The credit allocations will reach distant parts of the territory. The funds that the Adex will lend come from a donation the United States Agency for International Development [USAID] will make to this association, in order to promote Peruvian exports through the sponsorship of small productive units. For example, in the coastal area, financing will go to the producers of dried vegetables, mangoes, lemons, onions, garlic, and asparagus. In the mountain and forest areas, the beneficiaries will be the producers of coffee, cacao beans, sweet potatoes, and quinoa seeds, as well as those producing alpaca fiber and catching shrimp. The announced program for facilitating access to credit is already in full operation, according to Juan Enrique Pendavis, the president of the Adex. He said that the first $180,000 had been paid out to a group of 58 small farmers in Piura, Chiclayo, Supe, Nepena, and La Merced, who are producing dried vegetables, sweet yellow onions, and coffee. (EXPRESO 12 Jul 95)

Venezuela

EU To Aid in Fight Against Drug Trafficking

PA0308181495 Caracas EL GLOBO in Spanish 1 Aug 95 p 30

[Report by Ronna Risquez]

[FBIS Translated Text] EU countries and Venezuela will take advantage of the commercial benefits offered by the system of preferential tariffs to fight drug trafficking.

Ambassadors and representatives from 13 European nations — including EU President Aurelio Paez Giraldo [title as published] — met yesterday with Guillermo Romero Lizarraga, president of the National Commission Against Illegal Drug Use (Conacuid) to discuss possible strategies.

During the meeting Romero Lizarraga told the European ambassadors about the National Plan Against Drugs.

"We availed ourselves of the opportunity to confirm our willingness to develop ties with the Venezuelan authorities to fight drug trafficking and money laundering. Furthermore, we explained to Mr. Romero Lizarraga our perception of the drug trafficking problem in Venezuela," French Ambassador Henry Vignal [title as published], said.

The export of legal products should replace trafficking of illegal substances. "Venezuela was recently included in the system of preferential tariffs, which other South American countries have been enjoying for several years. The idea is to replace drug production with legal products," Vignal said, adding that he expects the export of drugs to European countries and their dependent islands to be reduced and controlled.

The benefit of reducing the tariff applied to Venezuelan products in Europe should boost the fight against drug trafficking. "Venezuela will continue to receive benefits from the accord in the measure that the EU perceives that our actions to stop drug trafficking are effective," Romero Lizarraga said.

At the meeting, various European representatives told Romero Lizarraga of their interest in supporting local efforts. "German representative Hans Petersman delivered the draft of a financial accord, in which the EU will

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contribute with 200 million bolivares worth of materials and equipment for the fight against drugs." France will support the fight against drug trafficking with police advice. The French delegation included security personnel, who are experts in the matter.

Exchange Board Modifies U.S. Currency Allowances

PA0308193995 Caracas Venezolana de Television Network in Spanish 0200 GMT 3 Aug 95

[Report by Melisa Soto from "The News" newscast]

[FBIS Translated Text] The Exchange Administration Board [JAC] put into effect several changes affecting U.S. currency purchase limits for people traveling to Europe and on business. The ruling was published in issue 35,764 of the Official Gazette. The changes are the following: The maximum amount for Europe, Asia, Africa, and Oceania was reduced from $4,000.00 to $2,000.00. Persons under the age of 18 will only be allowed to purchase 50 percent of this amount. The maximum amount for persons traveling on business was reduced from $500.00 to $300.00 per day. They will be allowed only three trips per calendar year and a total of $3,000.00 per trip.

[Begin recording] [JAC President Samuel Wilhelm] We have made our analysis based on statistical data covering current and historic trends, and on our plans for the future. These comparisons show...[pauses] No, not comparison. When one clearly sees an excessive demand, one must make the appropriate adjustments. [Video cuts to reporter interviewing unidentified people in the street]

[Soto] What do you think about this new JAC resolution?

[First man] I think it is very bad.

[Soto] Why?

[First man] Because we are paying for what the politicians and bankers did.

[Second man] I think the cuts are too deep.

[Third man] I find it incredible, because we are hurting the tourists. They should punish the ones who were trading with dollars and the travel agents.

[Fourth man] We are the ones who always take the blows, and we have the least opportunities. [end recording]

[Soto] Wilhelm concluded by stating that the JAC is still working on the priority plan for exporters.

Venezuela Achieves Surplus in Trade Balance

PA0408033095 Caracas EL NACIONAL in Spanish 31 Jul 95 p D-1

[Report by Adriana Cortes]

[FBIS Translated Text] At the end of the first semester of 1995, Venezuela achieved a trade balance surplus of approximately $3.529 billion, a 23.5 percent increase compared to the profit obtained during the same period last year when the trade balance was $2.855 billion.

The reason for this increase lies mainly in a substantial increase in the price of a barrel of oil in the world market. According to oil industry statistics, the average selling price for a barrel of oil in the first six months in 1994 was $12.72 per barrel, while this year the average selling price was $15.31.

This increase clearly implies more income for Venezuela, whose imports have not grown at the same rate, thus increasing the trade balance surplus.

The trade balance is a country's balance in goods; that is, a concept that summarizes how much is bought and sold. It includes all oil industry exports and nontraditional exports, which, subtracted from the imports made from all over the world, result in either a deficit or a surplus. The ideal situation is for a country to export more than it imports, which is the case in Venezuela, thanks to its oil industry. The trade balance is also one of the points of a country's so-called current account, and the fact that Venezuela has a trade surplus implies that it is one of the reasons why the country is far removed from the Tequila effect in similar cases. Also, we are not exclusively importers of short-term capital as occurred in Mexico. When the trade surplus increases, as occurred this year, Venezuela's leeway to maneuver in the world market improves.

Exact Accounts

Even though the price of a barrel of oil increased $2.59 in one year, crude exports did not increase significantly. An average of 2.153 million barrels per day were sold in the first semester of 1994, and it reached 2.155 million barrels per day this year.

Although the increase in volume sales was not significant, the increase in the price of oil was reflected in a substantial increase in income from the country's oil sales.

Venezuela received $4.984 billion for crude oil sales last year, which grew to $6 billion this year, a 20 percent growth.

This income is recorded in favor of the trade balance, but the total amount does not enter the treasury, because

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the oil industry must confront a number of operational expenses.

The so-called nontraditional exports the country received during the first semester must be added to the income from crude oil sales; that is, all those exports not related to crude oil exports. According to recent figures released by the Central Statistics and Data Processing Office (OCEI), nontraditional exports had reached $2.271 billion as of June, 17 percent more than the amount received last year, which helped increase the country's income even more, although not significantly enough to contribute much toward resolving the fiscal deficit.

One of the main conclusions to be reached by analyzing Venezuela's year to date trade balance results is that the importance of oil in trade exports has not varied much in recent years. Even though nontraditional exports grew, they barely reached 27 percent of the country's total export sales, a number similar to, though one percentage point less, than the 28 percent reported in the first semester in 1994.

Parallel to the growth in crude oil and nontraditional exports, one also discerns an increase in the country's imports during the first semester. Purchases made by Venezuela as of June 1995 reached $4.072 billion, 17 percent more than in 1994. .

To estimate the total amount of imports, official figures recorded by the OCEI up to May, which total $3.956 billion, were used. To this figure was added a month's average of $791 million, resulting in an estimate of $4.072 billion in products purchased by Venezuela in the first semester in 1995.

Ministers Not Using Allocated Funds

PA0308191295 Caracas ECONOMIA HOY in Spanish 1 Aug 95 p 4

[Report by Niurka Franco]

[FBIS Translated Text] The infrastructure cabinet ministries have only carried out a minor portion of the 1995 Budget, a situation that has prompted more recession to the construction sector on account of public sector investments being virtually paralyzed.

This can be surmised from a report sent by Eduardo Roche Lander comptroller general of the Republic to the members of the Special Comptrollership Subcommittee appointed to investigate his allegations.

Gonzalo Perez Hernandez, president of the previously mentioned parliamentary subcommittee gave an account of the extensive documentation sent by the comptroller general where he ratifies all and each of his charges.

For example, it can be observed that execution at the level of "real assets" item has been practically paralyzed. The Office of the Comptroller General authorized the Ministry of Transportation and Communication (MTC) a total of 52.892,04 billion bolivares, of which only 7.327,98 billion have been used, or barely 13.85 percent.

With respect to the Ministry of Urban Development (Mindur), the amount authorized was 30.772,47 billion bolivares, of which only 11.54 percent or 3.549,64 billion have been used.

The Ministry of Environment and Renewable Natural Resources (MARNR) was granted 59.578,11 billion bolivares to be used in investments, but has used only 4.762,76 billion to date, or 8.05 percent of the total amount.

According to what the comptroller explained in his report, the critical issue of this situation is that it is very unlikely that between now and the end of the year, those ministries will be able to carry out the projects that were included in the Budget Law.

He noted that many of the circumstances described as urgent by the ministers indeed deserve such a treatment, due to the lack of adequate planning that should have included prioritizing projects.

Deputy Gonzalo Perez Hernandez said that he summoned Environment Minister Roberto Perez Lecuna for this morning and Urban Development Minister Francisco Gonzalez for next Thursday, 3 August.

Becoming Aware

Perez said that although it is evident that works have been paralyzed at these ministries in the past months, there has been some activity lately in the area of bids and construction following Dr. Roche's allegations and the investigation that the Congress is conducting.

The parliamentarian, however, pointed out that it is hardly possible to recover lost time and to reverse losses caused on the already deteriorated national economy.

"All these delays have caused the paralyzation of investments these ministries have in construction works and in the recuperation of the economy. There is no justification for the MTC to have spent only 7 billion bolivares out of the more than 52 billion bolivares it was allocated," he said.

Perez added that reports published by these ministries to explain the situation refer to the 1994 budget when the comptroller's allegations are based on the 1995 budget.

He said that documents sent to the subcommission that he heads show that Roche's allegations are indeed well

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grounded and this will be stated in a final report that will be drafted soon.

Association Concerned Over Scarce Interest in Pact

PA0408040595 Caracas Venezolana de Television Network in Spanish 0200 GMT 1 Aug 95

[Report by Adriana Cabrera from "The News" newscast]

[FBIS Translated Text] The National Federation of Agricultural-Livestock Producers [Fedeagro] has voiced concern over the government's apparent scarce interest, in Fedeagro's opinion, in giving continuity to the anti-inflation pact.

Fedeagro President Hiram Gaviria has recalled that on 17 March, when he took office, he presented the government with an initiative to join efforts to fight inflation; therefore, Gaviria is concerned over the possible fate of this pact, the negotiations of which have been suspended since 7 July, in view that the agreed deadline for its signature, 29 July, has passed after the letter of intent was signed:

[Begin Gaviria recording] This attempt brought together the labor sector, the business sector, the community, and the government with a common goal that was to make sacrifices to overcome inflation. The government, for unknown reasons, has decreased its efforts and interest to keep this agreement alive. [end recording]

These statements were made when, for the fourth consecutive year, a technical support agreement was signed between Fedeagro and the Technological Operation Center of the universities in the production sector. Agreements of this sort become necessary when agricultural and food [agroalimentaria] production decrease in the country, thus increasing dependency on food imports, which result in higher food prices consumers must pay.

Roundup of Venezuelan Economic Developments

PA0208131495

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Venezuela monitored through 1 August.

Venezuelan Petroleum, PDVSA, reported that it has extended its long-term business plan to the year 2005. The original 10-year plan began in 1993. In so doing, planned investments increased by $7 billion to $55 billion. Investments will focus on new drilling and extraction areas, which are expected to increase production capacity to 5.5 million barrels per day. The company is receiving private investment bids for exploration projects in 10 new areas, where Mobile, Chevron, and Morgan Hydrocarmions, among others, have shown interest. (Caracas EL NACIONAL in Spanish 22 Jul 95 p E-1)

PDVSA announced that its Investment Fund will be fully operational in two or three months. The fund will begin with investments from the public in general and from small and medium businesses. Company President Luis Guisti called this an excellent investment opportunity, as PDVSA expects the fund to handle up to $3 billion. (Caracas EL NACIONAL in Spanish 22 Jul 95 p E-1)

Jose Enrique Yaber, president of the Colombian-Venezuelan Economic Integration Chamber said that Venezuela's debt with Colombian exporters dropped from $35 million to $15 million over the last two months. Following the approval of Resolution 70 by the Latin American Integration Association, ALADI, which sets currency exchange standards for such situations, the two countries were able to process payments more promptly. (Caracas ECONOMIA HOY in Spanish 23 Jul 95 p 23)

The Monarch Resource Corporation of Venezuela estimated that its gold production for 1995 will reach 80,000 and 100,000 ounces. Antony F. Ciali, the company's president, made the announcement during a meeting with a high-level government commission visiting La Camorra mining region, in Sifuentes Municipality, Tumeremo. Ciali said the corporation will continue its investment plan for the area, which has totaled $100 million since 1987. He called on the government officials to find solutions to the region's political problems, which have "reduced gold mining investments considerably." The company holds concessions on 34,000 hecares, a yearly budget of $6 million, and provides work for 850 people. (Caracas EL UNIVERSAL In Spanish 23 Jul 95 p 2-12)

Lombardo Paredes, executive director of Maraven, highlighted the Cardon Refinery's contribution to Falcon State's economy. He said that the plant's 300,000 barrel-per-day capacity requires the services of 140 private contractors. Maraven, he explained, has made payments totalling "approximately 298 billion bolivares. Of that amount, more than 154 billion have gone to the local sector." The refinery's total investment plan for the Pare complex is set at $2.4 billion, 37 percent of which will go to installation construction work and environmental controls. (Caracas EL NACIONAL in Spanish 25 Jul 95 p E-8)

According to the Central Bank's semi-annual report, net revenues totalled 3.125 billion bolivares. Despite this positive result, the bank will make no contribution to the national budget due to losses suffered during previous accounting periods, in accordance with Article

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59 of the Central Bank of Venezuela Law. The financial statement shows that loans and credit brought in 68.501 billion bolivares, which was 62.601 million less than in 1994. Money market transactions increased to 40.727 billion bolivares, while gold operations dropped to 2.403 billion bolivares. The bank's expenditures were cut from 189.463 billion bolivares to 161.310 billion bolivares. At this point, the Deposit Guarantee and Banking Protection Fund, Fogade, is the bank's major debtor, with liabilities amounting to 1.1707 trillion bolivares. (Caracas ECONOMIA HOY in Spanish 25 Jul 95 p I-8)

The Central Office of Statistics reported that inflation rose to 22.2 percent for the year, as of June. June's consumer price index registered 2.7 percent, almost half that of May. Education, recreation, clothing, housing, and related services, and health were the items showing the larger growth rates. (Caracas ECONOMIA HOY in Spanish 27 Jul 95 p 8)

PDVSA announced that its subsidiary Lagoven has struck new oil deposits in Monagas State. The company said that experts estimate there are approximately 360 million barrels to be drilled at production levels of 2,850 barrels of 23.8 API grade crude per day. (Caracas ECONOMIA HOY in Spanish 26 Jul 95 p 8)

According to the Exchange Administration Board, JAC, importers in Zulia State have received $1 billion in exchange transactions. The volume was such that the Board assigned Armando Lossada at its commissioner for Zulia, Falcon, and Lara states. According to a report by the regional office, Zulia was given priority, because of the variety of products it produces. Just in June, importers filed over 2,00 requests for $80 million. (Caracas ECONOMIA HOY in Spanish 27 Jul 95 p 1-9)

According to unofficial information released by an executive branch source, the Venezuelan economy ended the first half of the year on a positive note with the GDP settling somewhere between 1.5 and 2 percent. The trend is somewhat similar to the one recorded during the January-March period when first quarter GDP ended at 1.6 percent. The previously mentioned results were due mainly to the growth experienced in the petroleum and industrial sectors, especially the rise in the export of non-traditional goods. On the other hand, the same source acknowledged that the government had not yet been able to control the rise in unemployment despite the GDP growth. (Caracas EL UNIVERSAL in Spanish 1 Aug 95 p 2-1)

During a recent meeting between the Currency Exchange Board, JAC, and the Exchange Administration Technical Office, Otac, it was decided that new changes would be implemented to the Currency Exchange Law currently in effect. The new changes, which are scheduled to enter into effect on 2 August, establish cuts in the amount of currency allowed to be taken on business and private trips abroad to Europe and other remote countries. (Caracas EL NACIONAL in Spanish 1 Aug 95 p E-1)

Pedro Carmona Estanga, president of the Venezuelan Council of Industry (Conindustria) cautioned the government with respect to the negative effects of the current economic program on the export sector. According to Carmona, the export sector's profits have declined drastically during the past few months because of the artificial price controls, delays in the exchange process, lack of a clear-cut exchange rate policy, and the absence of incentives to encourage the export sector. The Conindustria president pointed out that "one of the warnings we have given to the government is that the positive trend recorded in Venezuelan petroleum exports should not be taken as a sign of competitivity in the exchange rate." Carmona also expressed his skepticism with respect to the government's proposal to grant preferential currency coupons to exporters based on the type of goods exported. (Caracas ECONOMIA HOY in Spanish 1 Aug 95 p 21)

According to a Caracas, 31 July datelined item, the average price for a barrel of Venezuelan crude oil settled at $12.70, a drop of two cents with respect to the average price in effect during the week of 17-21 July. During the past months, the average price for a barrel of crude oil settled at $14.53, $1.03 above the annual average of $13.50 forecasted in the current fiscal budget. However, during the first three weeks of July, the average price for a barrel of Venezuelan crude oil fell to $12.93, much lower than the price per barrel forecasted in the budget. OPEC's petroleum basket was quoted last week at an average price of $15.61 per barrel, 10 cents less that its previous level. (Paris AFP in Spanish 1700 GMT 31 Jul 95)

The petroleum industry announced that Venezuela had ended the first half of the year with a $3.5 billion surplus in its trade balance, 23.5 percent more than the amount recorded during the first half of 1994 according to a 31 July report datelined Caracas. Industry spokespersons explained that the surplus was basically due to an increase in the price of crude oil in the international market, which in Venezuela's case resulted in a price increase from $12.72 to $15.31 per barrel. Average sales during the same time period were 2,155,000 barrels daily with revenues amounting to $6 billion. Non-petroleum exports during the first half of the year amounted to $2.271 billion, 17 percent above the export revenue recorded during the first half of 1994. In addition, the non-petroleum exports represnet nearly

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28 percent of total Venezuelan exports. (Paris AFP in Spanish 1514 GMT 31 Jul 95)

It is expected that Venezuela will receive somewhere between $28 and $30 billion in revenues once the joint venture between Maraven (Venezuelan Petroleum, Inc.) affiliate (Vasa), and U.S. syndicate Pennzoil is completed during the first half of 1996. The Pennzoil syndicate decided to join the oil and solvent project promoted by Maravan affiliate Vasa, a move that represents the first joint venture between a state-owned petroleum company and a private sector firm. The project entails the manufacture and marketing of high grade crude oil byproducts and will allow the government to take advantage of the potential of the Paria Peninsula where the Paraguana Refinery is located. The agreement specifies that nearly 30 percent of the crude oil byproducts manufactured will be for export. (Caracas Venezolana de Television Network in Spanish 0200 GMT 29 Jul 95)

The Piedritas 2X well, located 41 Kms southeast of Maturin, state of Monagas, which has been successfully drilled and completed by Lagoven, is currently producing nearly 2,850 barrels of medium crude per day. According to preliminary information disclosed by Lagoven, reserves estimated so far amount to 25 million barrels of crude. As part of an overall government strategy aimed at securing more petroleum revenues, Lagoven is currently involved in drilling operations of a Piedritas 3 well and expects to begin drilling another well sometime during the month of August. The 2X well corroborated official prognosis with respect to the potential of the Piedritas region, which was discovered in early 1994. (Caracas EL GLOBO in Spanish 28 Jul 95 p E-1)

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